Austria ... Sch. 18	Indonesia .. Rp 2500	Portugal ... Esc 80
Bahrain .. Din 0.650	Italy ...... L 1300	S. Arabia .. Rls 6.00
Belgium ... BFr.42	Japan Y550	Singapore . S$ 4.10
Canada ... C$1.00	Jordan ... Fils.500	Spain .... Pta 110
Cyprus ... C£0.80	Kuwait ... Fils.500	Sri Lanka ... Rup 30
Denmark .. DKr.7.25	Lebanon .. L£ 8.00	Sweden .. Skr 8.50
Egypt .... E£1.00	Luxembourg . LFr.42	Switzerland SFr2.20
Finland .. Fmk 8.00	Malaysia .. Rm 4.25	Taiwan ... NT $85
France .. FFr. 8.00	Mexico .. Pas. 300	Tunisia .. Din 0.800
Germany . DM 2.20	Morocco .. Dh 6.00	Turkey .... L 210
Greece ..... Dr 70	Netherlands . Fl 2.50	U.A.E. ... Dh 6.50
Hong Kong . HK$ 12	Norway .. Nkr. 8.00	U.S.A. $1.00
India .... Rup. 15	Philippines . Pes. 20	

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 29,697 — Friday August 9 1985 — D 8523 B

Pressures start to tell on Marcos, Page 12

World news

Germany faces spy scandal

West Germany is facing a spy scandal after revelations by the Federal Prosecutor's Office in Karlsruhe that a close associate of Herr Martin Bangemann, Economics Minister and leader of the Free Democrats, has gone missing and is probably an East German agent.

Frau Sonja Lüneberg, Herr Bangemann's chief secretary since 1973, went missing two days ago, having told colleagues at the ministry that she was taking a holiday. Officials say they now know that not to be true. Police searching her home found camera equipment used for photographing documents. Page 2

U.S. air base attack

A car bomb exploded at the U.S. Rhein-Main air base, Frankfurt, killing a man and woman and injuring 16 people, according to a U.S. military official.

Austria counts cost

The Austrian Government began assessing damage to crops, property and livestock after days of torrential rain that sent floodwaters swirling over vast areas of farmland and claimed 12 lives.

Diplomat missing

Mr Vitaly Yurchenko, a Soviet diplomat, went missing during a visit in Rome, according to the Soviet embassy.

India breakthrough

India said it had the ability to produce plutonium from domestic technology and fuel, a breakthrough for its atomic energy programme.

Pope in Togo

Pope John Paul arrived in Togo at the start of a seven-nation African tour, his third to the continent.

Dutch drugs raid

Police have seized more than 40,000 packets of LSD in a raid on a flat in central Amsterdam used as an illicit drug-making factory.

Surgery for Nixon

Former U.S. president Richard Nixon had a 2.5 cm cancerous tumour removed from behind his left ear, according to his doctor.

Toxic flavouring

West German health officials, checking for wine laced with an anti-freeze agent, said they found an illegal toxic sweetener in imported Italian ice-cream flavouring.

Wine control plan

The Austrian Agriculture Minister Günter Haiden plans tighter controls on wine, including a mandatory format for information on labels, to prevent a repetition of the diethylene glycol scandal.

Fans remanded

Five West German soccer fans were remanded in custody in Duisburg, West Germany, pending charges of attempted murder after they attacked a busload of rival supporters with stones and flares.

Forest virus claim

A Stuttgart University biologist says he has probably identified a virus responsible for killing West Germany's forests; the problem has been blamed on car emissions. Page 2

Debt to society

A man employed by Huerth, a West German town, to advise the public how to get out of debt has been dismissed for running up debts of his own.

Business summary

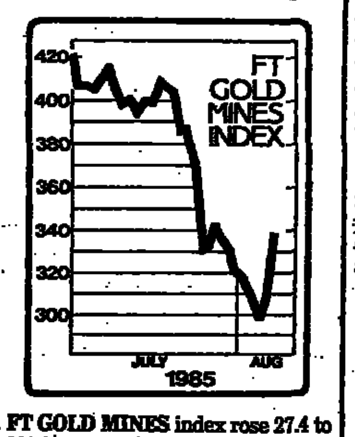
Procter earnings decline by 29%

PROCTER & GAMBLE, U.S. consumer packaged-goods group, reported a 29 per cent fall in earnings to $635m for the year to June 30, ending more than three decades of uninterrupted growth. Page 15

STERLING was firmer in London, rising 1.8 cents against the dollar to $1.3565. It also rose to DM 3.835 (DM 3.815), SwFr 3.17 (SwFr 3.165), FFr 11.715 (FFr 11.63) and Y323.0 (Y319.0). The pound's exchange-rate index rose to 80.7 from 80.2. Page 27

DOLLAR was weaker overall in London, closing at DM 2.826 (DM 2.846), SwFr 2.339 (SwFr 2.36) and FFr 8.64 (FFr 8.69). It was unchanged at Y238.35. On Bank of England figures, the dollar's exchange-rate index closed at 138.3 from 138.2. Page 27

GOLD rose $1.50 on the London bullion market to $322.75. It was also higher in Zurich at $322.65. Page 26



FT GOLD MINES index rose 27.4 to 338.3 – a leap of more than 40 points in two days. South African golds were stimulated by a marked resurgence of support from Continental centres, together with an encouraging performance by the rand against the dollar. Page 30

TOKYO prices were lower and shipping issues were especially hard hit. The Nikkei-Dow market average ended 35.12 lower at 12,386.03. Page 34

LONDON'S early advance was reversed by a higher pound. The FT Ordinary share index firmed 2.3 to 958.0. Page 34

WALL STREET: The Dow Jones industrial average closed 4.82 up at 1,329.86. Page 34

STRIPPED British government securities made their debut with a Eurosterling bond issue that repackages £100m of gilt-edged stock into component parts of interest and redemption payments. Page 14

INDIA is to invite foreign oil companies to bid for a new round of exploration contracts on its continental shelf. Page 4

CZECHOSLOVAKIA'S borrowings and financial links with the West are set to increase, according to Mr Jaroslav Kroh, chief manager of the state bank. Page 2

SANKO STEAMSHIP: Principal creditors were reported to have decided to refuse further loans to the troubled Japanese shipping company, increasing the possibility of the country's biggest corporate failure since the second world war. Page 16

BRITISH CALEDONIAN, independent UK airline, and its unions signed the first of a planned series of radical agreements covering job flexibility, pay and worker participation. Page 6

PHARMACIA, Swedish pharmaceuticals and biotechnology group, lifted its first-half profits by 17 per cent to SKr 368.2m ($43.7m) through increased volume and improved exchange rate developments. Page 15

DANISH banks Privatbanken and Danske Bank both announced one-for-six rights issues on similar terms. Page 15

We apologise for the publication of incomplete pre-close New York share listings in some editions this week. This is a result of transmission and processing difficulties.

Pretoria prepares new crackdown as unrest spreads

BY JIM JONES IN JOHANNESBURG AND ROBERT MAUTHNER IN LONDON

THE South African Government yesterday promulgated tougher emergency regulations to deal with violence in black townships as Mr R. F. Pik Botha, the South African Foreign Minister, conferred with senior U.S. officials in Vienna in an attempt to fend off mounting international hostility to Pretoria's emergency legislation.

The two events came as fierce rioting continued in townships near Durban in which at least 22 people were killed and hundreds of Indian families fled attacks by blacks on Indian homes.

It was believed to be the worst sustained unrest since March, when police shot 19 black mourners at a funeral in the Eastern Cape, and involved an area that had previously escaped from the turmoil that has engulfed other black townships.

Observers said the publication in the official government gazette yesterday of new emergency powers might herald a further crackdown on events such as school boycotts and the imposition of even more severe restrictions on the movement of blacks.

The gazette said security forces in the Eastern Cape were now empowered to introduce, at their discretion, a curfew between 10pm and 4am in black townships, to prohibit the entry to the townships of non-residents, and to ban the possession of petrol (an attempt to stop youths making petrol bombs).

On the East and West Rands, the industrial areas around Johannesburg, students may be prohibited from being outside classrooms during school hours, an attempt to curtail widespread boycotting of classes in the area.

Government officials said the powers, which had been included in the terms of the state of emergency decreed on July 20, could not be implemented ahead of their formal gazetting. Their publication means that they can now be put into force at the discretion of the security forces alone.

In Washington, Mr Larry Speakes, the White House spokesman, said Mr Botha had met Mr Chester Crocker, the U.S. Assistant Secretary of State for African Affairs and Mr Robert McFarlane, the White House National Security Adviser, in Vienna at the request of the Pretoria Government to discuss the current crisis in South Africa. It is believed to be the first such meeting since the imposition of emergency powers.

A State Department spokesman in Vienna said: "The meeting afforded us an opportunity to discuss the serious situation in South Africa and the region, a situation about which the Administration has strong feelings."

The spokesman gave no details about the meeting, but said the U.S. stood by its view that the cause of peace in South Africa could best be served by the lifting of the state of emergency and by a resumption of a black-white dialogue.

The U.S. House of Representatives has already voted overwhelmingly to impose sanctions on South Africa in agreement with the Senate, which has, however, put off its own vote on the bill next month. The measures would include a ban on the sale of Krugerrand gold coins in the U.S., the export to South Africa of nuclear equipment and computers and the suspension of bank loans to South Africa.

In London, a Foreign Office spokesman said Mr Ewen Fergusson, Deputy Under-Secretary of State for African Affairs and a former British ambassador to Pretoria, had also met Mr Botha in Vienna. Mr Botha is due to go on to several other European countries later, according to South African of-

Continued on Page 14

Pretoria's Achilles heel; Black boycott to be extended, Page 3

Mitterrand launches inquiry into Greenpeace boat blast

By David Marsh in Paris

THE FRENCH Government yesterday launched an unprecedented inquiry into possible involvement of the country's secret service in the bombing last month in New Zealand of the flagship of the Greenpeace anti-nuclear movement.

The decision by President Francois Mitterrand underlines the Government's embarrassment at suspicions of French backing for the attack. The explosion, in Auckland harbour on July 11, killed one person and destroyed the Greenpeace vessel Rainbow Warrior, which was on a South Pacific tour to protest against France's nuclear tests at Mururoa in French Polynesia.

Yesterday's move follows allegations in French magazines linking France's foreign intelligence agency, the Direction Generale de la Sécurité Exterieure (DGSE), with two people carrying Swiss passports charged by New Zealand police in connection with the blast.

M Laurent Fabius, the French Prime Minister, yesterday named M Bernard Tricot, 65, a long serving civil servant who was a top Elyssée Palace official under President Charles de Gaulle, to carry out the inquiry. M Tricot was head of France's stock exchange watchdog body, the Commission des Operations de Bourse between 1980 and 1984. The investigation document will be made public. M Mitterrand said in a statement authorising the inquiry, that if it shed light on who was responsible "those who are guilty – at whatever level – should be severely punished."

Yesterday's steps come at a time of mounting criticism in the South Pacific about France's nuclear testing in the region, led above all by Mr David Lange, the New Zealand Prime Minister.

Earlier this week Australia, New Zealand and 11 independent South Pacific island states meeting in the Cook Islands gave a qualified endorsement to a treaty calling for the region to be declared nuclear-free.

France, which exploded its first A-bomb in 1960, shifted nuclear testing from North Africa to Polynesia in 1966. In 1968 – while M Tricot was secretary general at the Elysée under President de Gaulle – it exploded its first H-bomb there.

The Government has reaffirmed that underground explosions at Mururoa will continue in 1985 at the same rate as 1984, when seven explosions took place.

Allegations of a "French connection" to the Greenpeace attack have come at a sensitive time for the Paris government in view of controversy in France and in the region of its

Continued on Page 14

Lee warns of downturn in Singapore

BY CHRIS SHERWELL IN SINGAPORE

SINGAPORE'S economy will contract this year unless the U.S. economy picks up, Mr Lee Kuan Yew, the Prime Minister, said last night. That posed a test that the country's younger leaders could not afford to fail, he said.

"For the first time, I have to sound an alert," he told the country in a televised message broadcast on the eve of the island state's National Day. "The outlook is poor."

Second-quarter figures showed gross domestic product to be 1.4 per cent below the same period last year. Only two weeks ago, provisional calculations had suggested zero growth in the second quarter after a 2.7 per cent rise in the first.

"Our economists have revised the forecast to zero growth for the whole of 1985, provided the U.S. economy picks up," Mr Lee said last night. "Otherwise, negative growth is likely."

That would represent the country's worst economic performance for almost two decades, and Mr Lee urged Singaporeans to reduce costs, by being "supple, flexible and elastic on wages, rents, taxes and fees," and to improve productivity.

Hinting at differences in his Cabinet over how to counter the fall in fortunes, he indicated that he had wanted pay cuts to start this year. "My younger colleagues have a different style," he said. "Their method is to persuade you gradually to agree to unpleasant adjustments."

Last week, Mr Goh Chok Tong, First Deputy Prime Minister and second in line to Mr Lee, said the economy's speed of descent reminded him of a parachutist whose canopy had failed to open. "If we cannot open our parachute in time", he warned, "... we will need a mortician."

Details of the latest descent were disclosed in figures yesterday. Construction works were down 21 per cent in the second quarter compared with the same period in 1984. The index of industrial production was off 8.3 per cent at 101.9 (1983 = 100), while even tourist arrivals declined 0.8 per cent.

Those figures stand in dramatic contrast to last year's overall growth rate of 10.1 per cent in the first quarter and 9.2 per cent in the second. In the first half of last year, 10,400 jobs were created; in 1985, 36,200 were lost. "If they were all Singaporeans", declared Mr Lee frankly, "we would be in big trouble."

He pointed to four reasons for the reversal: poor U.S. growth, an absence of big new government construction projects, a decline in demand for the shipyard and petroleum industries, and the high cost of doing business in Singapore.

Decline at top Singapore banks, Page 16

Turner seeks channels on French TV satellite

BY DAVID MARSH IN PARIS

MR TED TURNER, the Atlanta-based U.S. television entrepreneur who heads Turner Broadcasting, is among the 10 to 12 candidates who have made proposals to lease channels on France's TDF-1 TV broadcasting satellite due to be launched next July.

That emerged yesterday as France and Luxembourg resumed talks on co-operation on the satellite, which will be Europe's first venture for direct broadcasting from space.

At the same time Mr Robert Maxwell, owner of the Daily Mirror in London, plans to run an advertising-based general entertainment channel covering most of Western Europe, using the French direct broadcasting satellite.

Mr Maxwell is to take a 20 per cent stake in the French company that will operate France's TDF-1.

A Maxwell general entertainment channel for Europe would be a direct competitor to Mr Rupert Murdoch's Sky Channel, which is already available to nearly 4m homes in Europe.

Maxwell executives are already looking for programmes to put on a CBS channel and it is possible that both the independent television companies and the BBC will be approached for programmes.

The Turner organisation is keen to deliver its 24-hours-a-day television news service to hotels all over Europe. A service using an existing satellite will be launched on September 15 and the company said yesterday it had already got an agreement to deliver it to the Dorchester hotel in London. Mr Charles Bonan, European managing director of Turner Broadcasting, said yesterday the organisation was interested but still sceptical about the economic feasibility of using the TDF 1 satellite.

M Jacques Pomonti, the head of France's Audiovisual Communications Institute, who has been working on gathering European shareholders to back the project, hopes to decide by the autumn the make up of the programmes to be broadcast on the four-channel spacecraft.

It will have the potential to reach an audience of about 150m people throughout Western Europe through rooftop antennae calculated to cost about FFr 6,000 ($696) to FFr 8,000 each.

M Pomonti said yesterday that Mr Maxwell had chosen to take part in the venture because he was "interested by the great technological economic and cultural adventure represented by the satellite."

M Pomonti said he had had conversations with Mr Rupert Murdoch, Mr Maxwell's Fleet Street archival, over collaboration in the

Continued on Page 14

BBC crisis fades, Page 6

Hussein calls for urgent Arab talks

BY TONY WALKER IN CASABLANCA AND OUR MIDDLE EAST STAFF

KING HUSSEIN of Jordan has urged an emergency Arab summit to support his joint efforts with the Palestine Liberation Organisation (PLO) to find a solution to the Middle East conflict. It was the last chance for peace in the area, he said.

Warning that the failure of his initiative could lead to "inaction and paralysis," the Jordanian monarch spoke forcefully of the need for Arab solidarity in support of peace efforts, according to those present at the closed session.

The King's accord with Mr Yassir Arafat, chairman of the PLO, outlined a formula for settling the conflict according to United Nations and Security Council resolutions in the framework of an international conference attended by all parties to the dispute.

The accord proposes the establishment of a Palestinian state on the West Bank in confederation with Jordan and recognition of Israel's right to exist. Syria has attacked the accord but had earlier approved a plan with similar elements agreed at the last Arab summit in Fez in 1982.

King Hussein's call came as doubts emerged in Israel over the starting point of the initiative, the proposed talks between a joint delegation and the U.S.

In Tel Aviv, it was reported that King Hussein had rejected a U.S. request to revise a list of possible Palestinian representatives on the joint delegation, two of whom have overt PLO connections.

In Jerusalem, U.S. officials accompanying Mr John Whitehead,

Continued on Page 14

Shell's results hit oil shares

BY RICHARD JOHNS IN LONDON

OIL SHARES fell on the London Stock Exchange yesterday after the Royal Dutch/Shell Group reported second-quarter earnings 17 per cent down on last year at £646m ($872m).

The group's shares closed at 683p down 17p on the day. In response to what was a generally disappointing result and one below most forecasts, the FT-Oil Actuaries index fell by 1.3 per cent from 1148.57 to 1133.11.

Shell's income, however, was calculated after substantial provisions including £100m for its Curaçao refinery, which is to halt operations by October 1, £25m for two very large crude carriers, and another £22m for write-offs in its loss-making metals business. Currency translation losses for the second quarter were put at £29m.

Against those extraordinary items, the group made a £72m profit from the sales of its shares in Showa Shell Sakiyu of Japan.

In the first half of 1985, Royal Dutch/Shell's after-tax profits totalled £1.73bn, a 1.8 per cent decline on the same period last year. But the contribution from Shell Oil of the U.S. and Shell Canada was up 13 per cent to £480m.

The UK Government's £434m ($586m) sale of its remaining 49 per cent stake in Britoil, the independent oil group, appeared to be greatly oversubscribed when applications closed yesterday. Allotment details are to be announced today and dealings in the new shares should begin on Monday. Existing shares eased 1p to 215p yesterday, against the 185p offer price (of which 100p had to be paid on application).

On a current cost of supplies basis, second-quarter income fell to £715m from £772m last year. Using that method of accounting, profits would have increased by nearly 5 per cent before making provision for the Curaçao facility, the group said yesterday.

The Curaçao refinery is reported to have lost $40m or so in the April-June period and $60m last year.

Earnings from chemicals worldwide fell from £88m to £62m in the second quarter. The metals business lost £58m, mainly related to aluminium, despite heavy write-offs in the first quarter.

Income from oil and gas production rose from £690m to £711m with increase in output of 3 per cent and 4 per cent respectively reported.

Many analysts in the City of London were looking for a better performance in "downstream" operations – refining, marketing and chemicals – because of the weakening of the dollar and the low price of fuel oil used by the group's sophisticated processing plants for production of lighter petroleum products.

After accounting for the Curaçao write-off, this sector, excluding North America, recorded a £51m loss in the second quarter compared with a £82m profit last year.

Taking a more positive view than some other brokers and describing the results as "quite a reasonable performance," Wood, Mackenzie forecast profits for 1985 at £3.47bn, down 5 per cent on 1984, with £3.9bn projected for 1986. The interim dividend will be announced on September 12.

Lex, Page 14; Details, Page 18

CONTENTS

EUROPEAN NEWS

Peter Bruce in Bonn reports on research which points the finger of suspicion at a virus

Tiny killer stalks West Germany's dying forests

A SENIOR biologist at Stuttgart University says he has probably identified a virus responsible for killing West Germany's forests. The results of his research appear compelling and if he is right, then the Bonn Government has put its partners in the European Community and the entire motor industry in Western Europe, to a great deal of unnecessary trouble.

For years, motor industry executives and the governments of countries around West Germany have had their ears bent by earnest pleas from Bonn to help in the fight to save the nation's trees—half of which, the authorities here claim, are now dead or dying.

The British have been accused of not caring about what manner of poison drifts from their smoke stacks out over the North Sea only to settle on Bavarian pine needles. The East Germans have been a little less rudely reminded of the alleged damage caused by their brown coal-burning power stations.

Now, it seems that German research in 1980, prompted by an alarming spread of disease in German forests, showed that pine trees were dying in areas not remotely affected by industrial smoke, that most of the trees growing in polluted areas were actually growing quite strongly.

Stuttgart University's Professor Burkhard Frenzel first found a killer virus in the Black Forest in 1983, 22 years after a predecessor discovered a rod-shaped virus in sick spruces. The interesting thing about the 1961 find was that the virus was only found in sick trees, suggesting that it did not live in healthy ones.

Prof. Frenzel's research seems to mirror this, and it points not to a pollution induced virus but to the return of a cyclical killer on its way round through Germany again.

"I would rather pollution was the cause (of trees dying)," he says, "because the problem would be controllable. If it is a virus, however, then there is little humans can do to help the forests."

He has been collecting young branches and new growths from the top of fallen pines, spruces and firs from all over the Black Forest and then examining sap samples. Every sample examined is reported to have contained virus traces, and almost always a virus with the same characteristics as that first identified in 1961.

Unable to find a healthy enough patch of forest in Baden Wurrtemmberg to use as a control in his experiments, Prof. Frenzel went to France. He examined dozens of samples from the "healthy" trees he found, none of which contained the virus.

Other researchers have joined in the hunt for the so-far unidentified virus and, according to reports just beginning to surface here, of the 43 forest districts examined so far, it has been found in all but four.

Prof Frenzel has been quoted as saying he believes the virus may be being spread by an "avalanche" of forest insects that has been moving through Germany for the past 30 years, having begun their trek in Czechoslovakia.

He has warned that the virus research so far has only identified a trend—a "frightening" one. But a great deal of work has still to be done. He is convinced, however, that Bonn's panic measures to save the country's trees are unlikely to do much good.

All of which begs the question: has Bonn been doing its homework or has Chancellor Helmut Kohl's Government been hurried into championing the cause of the tree in order to blunt electoral success by the environmentalist Greens party?

In 1983, the Government pronounced 34 per cent of West German forests dead or dying, a figure which had risen to an astonishing 50.2 per cent a year later. At that rate, the country's trees would all be affected by the end of the decade and it would be straining credibility to argue that the same old gases an dpollutants that have been around since at least the end of the war are responsible.

The signs are that not even the West German public believes it, though people are used to their politicians making major issues out of relatively soft targets. The West German motor industry, forced against its will to introduce catalytic convertors into their model ranges long before they would have liked, are finding it hard to sell the cars despite promises from Bonn that the convertor would make an important contribution to saving forests.

Bonn's precipitate action has also forced other European car producers to begin fitting the convertors, but no one here is able to prove they will help in any way.

The latest government thinking—it amounts to a climb down of sorts—is contained in a pamphlet put out in Bonn yesterday by the governing Christian Democrats. This calls on the Government to carry on looking for the causes of tree death, but not to worry too much about all the (expensive) measures introduced so far, as cutting down pollution is probably good for plants, animals and people anyway.

Prague to borrow more in West

By Mark Meredith in Prague

CZECHOSLOVAKIA INTENDS to step up its borrowing from the West and to increase financial links with the West, according to Mr Jaroslav Kroh, chief manager of the national bank. But it will be tightly controlled and kept to a minimum, confirming the country as one of Eastern Europe's most conservative borrowers in the West.

New strict guidelines are to be incorporated in the next five-year plan to 1990 requiring companies wanting to borrow in the West to repay, or at least make savings, in hard currency.

Mr Kroh said in an interview here that Czechoslovakia's foreign exchange dealings would be in balance this year and show a small surplus at the beginning of 1986. A balance is likely to be the target for the five-year plan although bankers insist this will be flexible within a \$1bn-\$2bn range to allow continuous financing of projects requiring Western capital.

The investments planned for the next five years would mean an increase in foreign debt exposure, he said. These included both loans on the Eurodollar market as well as a large range of inter-bank activity. Czechoslovakia, for example, must finance annual imports from the West worth between \$4bn and \$5bn.

Mr Kroh would not be drawn, however, on the possible extent of Western borrowing and credit activity to fund the five-year plan which will probably aim at growth of 3.5 per cent in national income.

He said, none-the-less, that one Western estimate of a debt exposure of \$4.8bn by 1990 was "an exaggeration."

Czechoslovakia has entered the Eurodollar market only twice in the last three years, with a \$50m syndicated loan organised by Deutsche Bank in August, 1983, and \$100m borrowed at very favourable rates in a loan organised by Credit Commercial de France last month.

The country's bankers are still smarting from the reception they received from Western banks in the early 1980s when problems with Poland's foreign borrowings rebounded on to other members of Comecon.

The difficulties Czechoslovakia faced in rebuilding foreign confidence partly explains the stiff guidelines prepared for state enterprises. These must now prepare a strong case for their need for any Western cash

Government policy is also strictly designed to avoid any borrowing which will require refinancing, according to Mr Kroh.

Spy scandal breaks out in Bonn

BY PETER BRUCE IN BONN

WEST GERMANY is facing a serious spy scandal following revelations last night by the Federal Prosecutor's Office in Karlsruhe. It announced that a close associate of Herr Martin Bangemann, the Economics Minister and leader of the Free Democrats (FDP), the junior partner in the Bonn coalition has disappeared and is probably an East German agent.

Frau Sonja Lueneberg, 60 years old and Herr Bangemann's chief secretary since 1973, went missing two days ago, after telling colleagues at the Ministry that she was taking a holiday abroad with friends.

Officials said yesterday they now knew that not to be true. Police searching her home had found equipment used for photographing documents.

Frau Lueneberg, who apparently came to West Germany as an exile from East Germany, first began working for Herr Bangemann when he was general secretary of the FDP. She remained his chief secretary when he became a member of the Bonn Parliament in 1975 and then moved to Strasbourg with him when he became a MEP.

She returned to Bonn last year when Her Bangemann was appointed Economics Minister and continued to work as his chief secretary until six weeks ago when she was moved to the department responsible for managing the Ministry.

The suspicions levelled against her bear many of the hallmarks of the scandal that resulted in the resignation of Chancellor Willy Brandt in 1974 after a close personal assistant, Gunther Guillaume, was exposed as a spy working for the East Germans. Herr Guillaume, too, came to Bonn as an East German refugee.

If Frau Luenberg is proved to have spied for the aEst bloc there is bound to be some pressure on Herr Bangemann to at least resign his cabinet seat, although she is unlikely to have had access to information as sensitive as that availble to Guillaume.

The issue will, no doubt, prove deeply embarrassing to the Economics Minister, who is currently on an official tour in the Far East.

Ministry officials said late yesterday that Frau Lueneberg had undergone positive vetting on "numerous occasions," none of which had given cause to suspect her of spying.

Warsaw soothes poll fears

By Leslie Colitt in Warsaw

POLES WHO heed Solidarity's call to boycott the parliamentary elections on October 13 need not fear official retribution, say the authorities. No legal action will be taken against them, according to Mr Jerzy Jaskierna, the official organising the elections.

He was responding to concern among some Poles that if they do not vote, the Government will make life difficult for them

Mr Jaskierna, general secretary of the Patriotic Movement of National Revival (PRON), maintained in an interview that Solidarity's boycott call had given the elections a significance they otherwise would not have had. The 75 per cent turnout expected by the Government "would be meaningless" compared with past turnouts if the banned union were not urging people not to vote. aPst elections have seen virtually unanimous participation, he said.

In last year's regional elections, which were also boycotted by Solidarity's underground leadership, the Government said about 75 per cent of elegible voters had cast ballots.

Mr Jaskierna said the forthcoming elections were mainly a "problem for intellectuals." The average Polish worker and farmer had voted for the past 40 years. The 75 per cent of Poles who he expects to vote would demonstrate that they "want to help up," he said.

Mr Aleksander Merker, head of the government department concerned with relations with the Roman Catholic Church, said the Government would be satisfied if the church again left bishops to decide whether to tell churchgoers to vote or not. A decision is expected to be taken at the bishops' conference later this month.

Izvestia lifts curtain on Soviet debate over economic reforms

BY OUR MOSCOW CORRESPONDENT

WESTERN DIPLOMATS are studying a key article in the Soviet government daily newspaper, Izvestia, which outlines the problems involved in China's radical economic reforms but stops short of a banket dismissal of them.

The diplomats, economics specialists, believe an article published on Wednesday holds several clues to the current Soviet debate on the extent to which economic reforms should be introduced here.

Izvestia correspondent Sergei Agafonov quotes extensively from the Chinese Press articles and official statements rather than placing himself open to criticism for interfering in China's internal affairs, but the inference is clear: China's reforms are bearing fruit but could go too far too quickly and thus lead to social problems and steep price rises.

The article says Chinese journalists consider the main force behind the revitalisation of the economy to be the wide use of market regulators and private initiative, as well as material incentives. It also quotes problems with infrastructure, resources and unbalanced economic development across China.

Moscow recently announced new measures to give individual enterprises more control over their profits and to provide "financial levers" to increase productivity. But the incentives do not approach the boldness of China's reforms and Soviet officials continue to stress the need for firm central planning with some local initiative.

The diplomats say the article could be intended as a further signal of the limits Moscow has set itself. They also warn against drawing too close parallels between Moscow and Peking because of the fundamental differences in enconomic structures and sizes.

However, they have picked out two points which appear to have at least some immediate relevance to Soviet plans. First, Mr Agafonov quotes a senior Chinese official as saying state control and central planning play the main role and the unplanned and free markets a supporting role.

The Kremlin would agree with the first part, but the free market is virtually non-existent in the Soviet Union and the very notion strikes fear into the hearts of orthodox Soviet economists.

Secondly, he quotes Chinese officials who believe financial incentives could lead to inflation and a shortage of hard currency because there are too few consumer goods to meet the domestic demand they would create. The Soviet scheme relies heavily on bonuses and Moscow consistently fails to match consumer demand.

Cyprus unions take steps to better relations

GREEK AND Turkish Cypriot trade unionists have agreed to set up a joint liaison committee after crossing the "Green Line" dividing the island for two days of talks, Reuter reports from Nicosia.

The meetings between the main unions on each side were chaired by the secretary-general of the International Confederation of Free Trade Unions, Mr John Vanderveken. He said they had set out to find ways in which the two sides could co-operate.

A similar meeting in 1979 produced no practical results and contacts between the communities since then have been rare.

This time six delegates from each side and three from the ICFTU held meetings at the headquarters of both unions this week.

Delegates described them as "friendly and constructive" and said the fact that they had crossed the line dividing Nicosia was significant in itself.

Tom Burns in Madrid describes far-reaching changes in what the country grows

Spain sees fruitful prospects for agriculture

SR VICENTE ALBERO, a senior official at Madrid's agriculture ministry, says he was 18 years old when he first drank a glass of milk. Dairy products were scarce in Valencia, where he grew up, in the 1940s and the early 1950s. "Now per capita of milk in Spain is just below 100 litres a year, slightly less than what it is in Denmark and Ireland," says Sr Albero.

As director-general of agri-industry policy, Sr Albero has a professional interest in consumer trends. He uses the glass-of-milk example to underline the fluid state of Spanish preferences.

"Churros," the deep-fried doughy fingers that Spaniards dip into their early-morning coffee, are apparently going out of fashion and breakfast cereals, Sr Albero claims, are booming. According to the ministry's statistics, table wine sales are dropping at a rate of five per cent a year and Spaniards have emerged as big league beer drinkers, drinking more beer at present than the French.

The shifts in what Spaniards eat and drink are complemented by no less far reaching changes in what the agricultural sector produces. Six years ago the first kiwi fruit crop was commercially cultivated in Spain and Sr Albero says that within a decade "we will be able to supply all of Europe's kiwi demand."

Nowhere in Spain is the change in agricultural produce more spectacular than in Andalucia. In Seville, the administrative capital of Spain's southern region, there is not a shadow of doubt that Andalucia is destined to become "the California of Europe."

Sr Miguel Manaute, who holds the agriculture portfolio in the Seville-based regional government, the Junta de Andalucia, says that in terms of the "California" dream, the once backward province of Almeria is now "an extremely important economic reality." Drip-fed cultivation, under plastic, of export orientated early vegetables, fruit and flowers has transformed the province's economy.

According to Sr Albero it is only in Adalucia that Spanish agriculture can make a major impact on the local economy and raise income levels. Almeria, which has the lowest rainfall in the country, is a spectacular case in point. It has moved from being 48th among Spain's 52 provinces in the per capita income rankings in the cane, Sr Manaute sees "inside early 1970s to eighth by 1984.

Such has been Almeria's runaway success that the present concern of the Junta and Sr Manaute's department is to hold back on production. A ceiling has effectively been put on production through strict controls on the use of water. Sr Manaute is worried that excessive pumping has raised the possibility of salinating the wells on Almeria's coastline where the plastic covered fields are concentrated.

Sr Manaute is now much more interested in developing the agricultural prospects of the adjoining province of Granada, particularly on the coast and in the valleys that lead up to the snow-capped Sierra Nevada. Currently devoted to sugar cane, Sr Manaute sees "unique possibilities" for the cultivation of tropical fruits, principally mangoes, pineapples and custard apples.

At the other end of the region, in the west and on the Atlantic coast bordering Portugal, the province of Huelva is already in the midst of an agricultural revolution. Drip-irrigation technology literally on the sand dunes has converted Huelva from scratch into Spain's major strawberry producer within a decade.

Nowhere in Spain is the the change in agricultural produce more spectacular than in Andalucia. In Seville, the capital of the country's southern region, there is not a shadow of a doubt that it is destined to become "the California of Europe."

There is a strong increase also in Huelva of asparagus cultivation which is another totally new crop for the area and the latest commodity that has been imported into the province is oranges. Interest in oranges was boosted this winter when the main orange producing centres of Valencia endured crippling low temperatures, while Huelva remained frost free.

Virgin tracts of land in Huelva suitable for oranges have been the object of intense speculation. The price of a hectare has jumped to Pts 80,000 (£381) a hectare from Pts 20,000 in two years, according to real estate agents in Seville.

While such agricultural scenarios may be highly encouraging there are specific problems that may yet make the "California of Europe" ambition extremely elusive. "Our weakest point," Sr Manaute says "is marketing."

A constant theme echoed by Andalucian officials is that although the area does have magnificent agricultural possibilities and an increasingly skilled labour force that is flexible to new technology, Andalucia is woefully lacking in agri-industry investment. "All we do is to load our primary produce onto lorries," is how one Seville businessman puts it.

Sr Francisco Moreno, the chairman of a Seville-based development agency called Sodan that is funded by Madrid's industry ministry, complains that Andalucia does not yet provide an economic infrastructure that will ensure investment returns.

"If a European fund manager comes to me saying he has \$10m to invest in Andalucia because he is certain of its growth potential, I have to say you are quite right but I'm afraid I can't help," says Sr Moreno.

Sodan, together with a similar industrial development company called Soprea which is funded by the Junta de Andalucia, is concentrating on aid to medium companies that are seeking to transform the area's primary produce. Ideally both would also act as channels for foreign capital investment instead of, as at present, simply acting as agents for non-Spanish companies inspecting Andalucian prospects.

In four months' time, of course, Spain will witness a further spur to its agricultural development with entry to the EEC. With the country beginning to gain free access to the Community market and to the panoply of farm subsidies offered under its Common Agricultural Policy, the sky may well be the limit.

OVERSEAS NEWS

Tel Aviv to deport Palestinian from the West Bank

BY DAVID LENNON IN TEL AVIV

ISRAEL'S new crackdown on the occupied West Bank intensified yesterday with the announcement that a deportation notice had been served on a Palestinian resident of a West Bank village near Bethlehem.

The Israeli authorities said the deportee, Mr Halil Abu Zaid, is a senior leader of the Fatah Group of the PLO and has been involved in terrorist and subversive activities.

Mr Abu Zaid's family said that, after serving 10 years in an Israeli prison in the 1970s, he now was being made a scapegoat and that he has had no connection with guerrilla activities for some years.

They said yesterday that they intended to use every means at their disposal to prevent the deportation, including appealing to the Supreme Court.

The Government decided to reactivate administrative detention and deportation after a five-year suspension of these draconian measures, following the recent murders of three Israelis, apparently by Palestinians from the occupied West Bank.

Four West Bank Palestinians, including three student leaders from Al Najah University, were placed in administrative detention last week. The military authorities also ordered the Al Najah University in Nablus on the West Bank closed for two months.

Meanwhile, Israeli warplanes bombed a Palestinian base in Lebanon's Bekaa Valley yesterday, apparently in retaliation for the attempt the previous day to blow up the headquarters of the Israeli-backed South Lebanon Militia in Hasbaya near the Israeli border.

Soviets 'will not renew ties'

CAIRO – The Soviet Union has told visiting Egyptians it will not restore diplomatic ties with Israel without signs of progress towards Middle East peace, a senior Egyptian Member of Parliament said yesterday.

Returning from a nine-day visit to Moscow, Mohammed Abdellah, chairman of the parliament's foreign relations committee, said a delegation he headed was told this by Soviet parliamentarians.

The Kremlin last month denied reports of a deal with Israel involving a resumption of diplomatic relations, severed after the 1967 Arab-Israeli war, in return for an increase in Jewish emigration from the Soviet Union.

Reuter

Christian solidarity offer from Franjieh

BY NORA BOUSTANY IN EHDENE

IN THE untamed and remote hills around Ehdene the tradition of vengeance is as deeply rooted as the aging poplar and pine trees shading the deep valleys separating them. But these days the rigorous mountain people who live in the area are in a conciliatory mood.

The Franjieh clan, one of the dominant Christian families of Northern Lebanon, is ready to bury the hatchet with fellow Christians, who went on a murderous killing spree seven years ago massacring scores of members of the Franjieh family and its supporters.

"I think it is time for us to communicate, because the Christians in Lebanon need to be strong," said 18-year-old Boutros Franjieh, whose father, mother and brother were murdered on June 13 1978 when a radical Christian militia commander led an attack on Ehdene.

The son of former Lebanese President Suleiman Franjieh, Tony Franjieh, along with his wife, baby daughter and 30 inhabitants of Ehdene were slain that day by rival Falange militiamen, who descended from the nearby village of Bsharri. Residents who awoke to the dawn screams tolled the church bells, a danger signal to neighbouring villages and relatives in Zghorta. Franjieh followers from Zghorta, about seven miles to the north, heard the ringing alarm and headed for Ehdene, Boutros's parents among them.

In an interview, former President Franjieh, 75, a godfather to at least part of Lebanon's northern Christians, said he was now ready to extend his hand to any Lebanese renouncing links with the enemy, mean Israel. This was in response to a question about whether he could ever make peace with the rival Falange Party after his initial reconciliation with the commander of the Lebanese forces, the Christian militias responsible for the Ehden massacres.

The sudden concern for inter-Christian solidarity has grown out of fears of a loss of traditional political domination. Mr Franjieh said there has never been a worse crisis for the Christian community than at present. Though he has described President Amin Gamayel as a "sick head, which must fall" he disagrees with those Moslems who want to topple him and radically change the Lebanese system which gives the top executive post to a Christian Maronite.

"To have the President from a (religious) sect other than the Maronites would be racing ahead of reality," the former President said. Mr Franjieh was in charge when the civil war broke out in 1975 between Moslems and Christians. "The situation in Lebanon does not permit big strides but one step at a time," he said.

Despite his close alliance with Syria and his flirtations with the Moslem community, which mainly revolve around a common grudge against the Gemayels, Mr Franjieh remains very conservative in his approach to political reforms. He has always been openly critical of Israel, blaming it for most of Lebanon's misfortunes.

Commenting on Shi'ite Moslem demands for the election of the President by a popular vote as opposed to the present parliamentary vote, Mr Franjieh said no true politician of Lebanon would make such a request.

Mr Franjieh stayed away from the meeting last Tuesday at Chtaura which proclaimed a National Unity Front, a new coalition of Moslem and Christian opposition leaders aimed at breaking the back of Christian domination of Lebanon's key political and military posts.

Lebanese President Amin Gemayel said yesterday he supports his Moslem opponent's deand for a greater share of power and blamed his country's 10-year-old civil war on the Palestinian presence in Lebanon, Louis Fares reports from Damascus.

Speaking at a news conference in Damascus following a ve-hour meeting with President Hafez Assad, the President said he is now "a little more optimistic" that the Lebanese conflict is nearing the end.

The seasoned Lebanese politician said some points in the Chtaura declaration merited serious consideration, noting that certain of its clauses should be interwoven with parts of a constitutional document he drew up in 1976 with Syrian approval. That document basically called for a 50-50 representation between Moslems and Christians.

The National Unity Front, led by the Shi'ite Amal movement, the Druze Progressive Socialist Party and other pro-Syrian groups, has demanded the elimination of a system allocating state posts on sectarian lines. The old system gives the Christians an edge over the Moslems, but the latter now forms the majority of Lebanon's 3m population.

When asked whether he would agree to become Lebanon's next President if asked, Mr Franjieh replied that men his age could not do all the things they wanted to, but only certain things.

A meeting between Mr Franjieh and the commander of the Lebanese forces last week as well as the proclamation of the National Unity Front has increased the isolation of President Amin Gemayel, who is distrusted and considered too ineffectual by all sides.

Mr Franjieh complained that Mr Gemayel never took any initiatives that were not inspired by personal gain. When prodded to be more specific about the President's faults or where others could have succeeded where he had failed, Mr Franjieh commented: "Our grandfathers said: "Woe to a country that is goverened by a boy."

Asked how he assessed his ties with opposition leaders, Mr Walid Jumblatt and Mr Nabih Berri, Mr Franjieh said they were good. He indirectly criticised remarks by Mr Jumblatt that he had banned the Lebanese national anthem and flag in the Druze areas he controls, by saying: "Every person has his blunders. But if I were Walid, I would not forget that his family has contributed to the creation of Lebanon, which still exists and which will overcome."

FINANCIAL TIMES

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Uganda's rebels gain firm local foothold

By Mary Ann Fitzgerald in Fort Portal, Uganda

THE National Resistance Army troops of Uganda's most powerful guerrilla leader, Mr Yoweri Museveni, are in full control of the military and civil administration at Fort Portal, west of Kampala and are operational in virtually all of this part of the country.

Unlike Kampala, where the city centre was gutted by Lt-Gen Okello's victorious Acholi soldiers after the July 27 coup, Fort Portal has not been subjected to looting. Interviews with NRA commanding officers, aid workers based in outlying areas and town residents suggest that the well-disciplined but haphazardly-armed men have gained political grassroots support among villagers in the region.

Morale is high among senior officers, following last April's successful expansion of the NRA front westwards towards the Zaire border from its traditional stronghold of the Luwero triangle just to the north of Kampala.

The NRA are pressing for a major share of power in the new regime. But their demands, which include half the seats in the ruling military council, will not be welcomed. It is likely that talks between Lt Gen Okello and Mr Museveni, when they occur, will collapse. If the outcome is a stalemate, the guerrillas will revert to their hit-and-run campaign against the army, officers said.

The NRA's peaceful entry into Fort Portal several days before the coup that deposed Dr Milton Obote, marked the culmination of a series of events that evolved against a background of mounting strife within Uganda's regular army.

Officers speak of military assassination of Acholi army commanders authorised by Dr Obote and carried out by hit squads and made up of his fellow Langi. Internecine dissension has apparently been serious since March and it was this breakdown within the army command, rather than the NRA's military supremacy, that seems to have allowed the guerrillas to gain an unchallenged local foothold.

Mr Museveni's men appear to operate within a well-ordered chain of command that has reliable and frequent communications between troops in the bush and externally based spokesmen, as well as with Mr Museveni. The leaders at Fort Portal reiterate demands that have been conveyed by Mr Museveni, who is believed to be in Kenya. Their attitude also erases any confusion over the interpretation of messages sent to Uganda's Acholi leader, Lt Tito Okello.

Many NRA troops are former Democratic Party supporters, who fled to the bush and took up arms after the victory of Dr Obote's Uganda Peoples' Congress in the 1980 elections that were widely believed to have been rigged. Mr Jim Muhwezi Katugugu, the NRA commander of security and intelligence confirmed they did not support the Baganda-backed DP or the Cabinet appointment of Mr Paul Ssemogerere, the DP leader.

"He has weakened himself again," he said. "What has the DP done for democracy? We are its true defenders."

There is no doubt that the NRA are welcome at Fort Portal, a small town neatly laid out at the foot of the Puwenzori mountains. A market town for outlying tea estates, the writ of Ugandan law has long been absent. Asked if communications were down, the hotel manager said "We haven't phoned Kampala for five years."

"It's a separate state here," confirmed a police officer who, like the district commissioner and the 300 soldiers left in the barracks under the command of a lieutenant, take orders from "Fred Rwigemas," the *nom de guerre* of the NRA's acting commanding officer.

Officers drink every evening at the now deserted golf club. They command respect among their trops.

Some of the troops are women, others young teenage boys who were orphaned during army reprisals against villagers who support the guerrillas.

"They are very polite," said a French nurse at a refugee camp. Troops take medicine from the dispensary and leave a note "for the liberation of Uganda," she said.

The Acholi army commander at fort Portal, Major Okwera, handed the town over to the NRA after learning that Dr Obote has ordered an assassination squad headed by one of his junior officers to kill him. He routed the soldiers and drove to join Brigadier Bazilio Okello. He was later killed during fighting between Langi and Acholi troops.

The NRA now mans roadblocks from Mubende, 100 miles west of Kampala. Further west, army and guerrillas fraternise.

Given the ceasefire, it may be difficult to mobilise the army against the NRA if the need arises. The army has been considerably weakened since the coup, as 250 North Korean advisers have been detained. The advisers know how to handle the army's East Bloc weapons and fought in the frontline, manning the artillery.

The British military training team based at Jinja is likely to remain but its mandate is strictly for training.

Short-term debt Pretoria's Achilles heel

BY ALEXANDER NICOLL

SOUTH AFRICA's ability to fulfil its financing needs abroad has inevitably been thrown into question in recent weeks.

Declaration of a state of emergency has provoked a suspension of new investments by France, as well as mounting calls for official sanctions in other countries. Just as noticeable for the foreign banks upon whom South Africa depends has been Chase Manhattan Bank's decision—upon which the bank has officially refused comment—to phase out lending to all South African borrowers.

Even before the latest crisis, there was a disturbing outflow of short-term capital from South Africa—believed to have been renewed amid the recent weakness of the rand and the Johannesburg stock market.

Political considerations aside, South Africa's economic and financial position would not seriously threaten its impeccable debt repayment record and ability to raise new funds.

International bank economists estimate the country's total foreign debt at between $19bn and $20bn, a relatively modest amount, and the debt service ratio on traditional definitions at a respectable 10 to 11 per cent. More than half of the total debt, however, and by some calculations as much as two-thirds, falls due within a year.

So far, the country has had no difficulty in securing access to international capital markets. The chief threat to its financial stability must nevertheless be a collapse of confidence among banks who would consequently refuse to extend the short-term lines of credit upon which the country clearly depends.

Worries about dependence on short-term debt are effectively countered by a healthy current account. The balance swung into a surplus of R1.3bn (£429m) in the first quarter and is officially forecast to show a similar performance for the remainder of the year, producing a 1985 surplus of some R4bn against a deficit of R1bn last year.

The first quarter performance was aided by strong exports, resulting partly from a weaker rand, a rise in gold output (accounted for separately from exports), and stagnant imports because of the downturn in consumer spending amid the economy's downward adjustment. The weaker rand raised the rand value of debt service payments, increasing net service payments.

The performance of the broader capital account has not been so encouraging. In 1984, short-term net capital outflows of R3bn only just exceeded net long-term capital inflows of R2.7bn. But the short-term flows were accelerating rapidly at the end of the year, and this trend continued into the first quarter.

Long-term inflows, mostly purchases of securities listed in Johannesburg, totalled R366m, but short-term outflows rose to R2.79bn including R2.87bn from the private sector.

The Reserve Bank argued that this was due to repayments of short-term foreign debt and to increases in foreign short-term claims as a result of rising exports. But economists doubt this explanation, especially as they have no evidence that short-term debt has been reduced.

Capital outflows halted in the second quarter, allowing a recovery in net gold and foreign exchange reserves. But they are said to have resumed in July.

A flight of private capital, though having detrimental effects on the economy, should not immediately affect the country's foreign borrowing requirement. South Africa argues that this is diminishing, with the Government stepping up its dependence on borrowing in the domestic market, and state bodies such as Escom, the electricity company, needing less finance because they have fewer new large-scale projects.

The chart shows, however, that bond issues by South African borrowers have if anything been increasing. Economists are unconvinced that this activity represents simply the replacement of short-term funding.

Many U.S. banks have been forced by domestic political pressure to cease lending to the South African public sector, but most have been reluctant to extend the ban to the private sector as well.

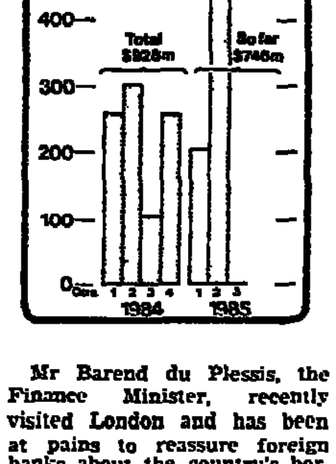
Some banks in the U.S. and elsewhere are believed to have reduced the total amounts they are prepared to lend to the country, while others may be failing to replace exposure as loans fall due. So far, however, there has been no evidence that the country's borrowers have had difficulty in replacing short-term credit lines.

The introduction of sanctions is unlikely to change the picture. A cut-off in new investment would take many years to work through to the economy to the extent that, for example, old plant would have to be replaced. A ban on krugerrand sales would have little impact on gold sales overall, and could even stimulate worldwide interest in gold because of investor interest in U.S. and Canadian-made coins.

Foreign banks' confidence could be sapped by a marked deterioration in the domestic economy, particularly if this were to affect the health of the South African banks

In this context, banks must view with some concern the boycotts on retailers which is part of the current unrest. A gold miners' strike or a rapid exodus of private capital could cause similar and more immediate consternation amongst banks.

Some economists believe the Government must already have taken steps to counter such possibilities, perhaps with quiet words to friendly bankers likely to offer to maintain their lines, come what may.



Mr Barend du Plessis, the Finance Minister, recently visited London and has been at pains to reassure foreign banks about the country's borrowing needs as well as its economic health. In the last resort, the Government does have a further armoury of measures: it could reimpose foreign exchange controls, though this would be seen as an admission of a problem; it could increase the prescribed amounts which South African institutions are required to invest in government paper; or it could undertake gold swaps.

Howe plans Nigeria visit

By Patti Waldmeir

SIR GEOFFREY HOWE, the British Foreign Secretary, will pay an official visit to Lagos next month in an attempt to improve strained relations with Nigeria, Britain's largest trading partner in black Africa.

The visit is expected to be from September 10 to 11, although the dates have not yet been finalised. Nigeria has yet to confirm the visit. No details of what meetings will take place have been released but it is assumed that Sir Geoffrey will see Maj-Gen Muhammadu Buhari, the head of state.

Anglo-Nigerian relations reached a low point last July when a former Nigerian minister, Mr Umaru Dikko, was found heavily drugged in a diplomatic crate about to be loaded aboard a flight to Lagos.

Both sides recalled their High Commissioners over the affair, and neither have yet been replaced although there have been recent diplomatic moves to normalise the situation.

Mr Dikko remains in Britain, although his legal status is unresolved—he has been refused political asylum by Britain but London has yet to decide whether to grant a Nigerian extradition request against a man they term Public Enemy number 1. Lagos might, however, find it awkward having to decide whether to openly try a man who had important links with the Government's current rulers.

The visit comes at a time when Britain has seen its traditional trading relations with Nigeria threatened by the conclusion of about $2bn (£1.48bn) in counter-trade deals with other suppliers

The UK is almost certain to lose its position as Nigeria's number one supplier this year because of the deals

Black S. Africans set to extend boycott of white businesses

CONSUMER boycotts of white businesses by black people, one of the few legal weapons for change in the limited arsenals of black South Africans, looked set yesterday to spread beyond their current focus in the Eastern Cape by mining areas throughout the country, and to Johannesburg and Pretoria, a correspondent writes.

Blacks in the Eastern Cape have been using their consumer muscle to press effectively for change, for almost three months, prompting businessmen to lobby local government authorities to listen to black grievances.

Yesterday the National Union of Mineworkers (NUM) was set to call on black miners not to patronise white businesses near mining towns and this week affiliates of the United Democratic Front (UDF) made calls for a boycott of white businesses in Johannesburg and Pretoria. Boycott pamphlets have been widely distributed in the country's largest township, Soweto.

Black consumer boycotts of white businesses have been pursued in the small towns of the Eastern Cape for almost three months, in the city of Port Elizabeth for nearly a month and in East London since the end of July.

Chambers of Commerce in the towns say that the boycotts began to have an effect almost immediately after they were called. Mr Tony Gilson, director of the Port Elizabeth Chamber of Commerce, says retail businesses across the spectrum have suffered.

The boycotters' initial demands were the withdrawal of security forces from the townships, an end to the disappearances of people and the release of detainees. Since the state of emergency was imposed in 36 of South Africa's 256 magisterial districts in the Eastern Cape and Transvaal, a call for its lifting has been added to the list.

Grievances peculiar to the residents of the various townships have also been added to the central demands. The action has brought a sense of urgency to organised business's calls on Government for significant reform.

Preliminary discussions between business and boycott leaders have taken place and more are planned. However, when the state of emergency was implemented and the authorities began detaining black activists, those who had directed the boycott were scooped up in the net. "Now," says Mr Gilson, "there is no one to talk to."

The East London Chamber of Commerce reacted to the boycott and the general unrest yesterday by calling on President P. W. Botha to make a clear statement as to how black aspirations could be accommodate.

It called for blacks to be allowed to choose their own representatives to participate in the informal negotiations proposed several months ago. So far the Government has failed to respond.

The Eastern Cape boycotts have been an experiment, since consumer boycotts in South Africa have in the past been linked to industrial or consumer disputes. Buses have frequently been boycotted in protest at fare increases, for instance. This time the boycotts are being used as a weapon for political change. Like strikes, they may be the most effective weapon unenfranchised black people can wield.

Sri Lanka peace talks show signs of collapsing

BY MERVYN DE SILVA IN COLOMBO

An Indian special envoy arrived in Colombo yesterday for urgent talks with President J. R. Jayewardene, the Sri Lankan President as the India-sponsored peace effort on the Tamil issue showed growing signs of foundering. A second round of talks begins in Thimpu on Monday.

Violations of the seven week ceasefire have increased and both the Government and the Madras-based Tamil leaders have levelled charges of bad faith.

The renewed violence in the Tamil north and east, which the Government says is an attempt by the Tamil "Tigers," the most powerful of the guerrilla groups, to sabotage the talks, has hardened majority Sinhala opinion.

The killing of a Buddhist monk inflamed Buddhist opinion particularly, and made it difficult for the Government to offer "the substantial and meaningful devolution of power" to proposed provincial councils that Mr Gandhi expects, or to move at the pace that India would like to see.

The Government has been heavily criticised by the Sinhalese press, no longer under censorship, and from an increasingly vocal Buddhist clergy and an opposition led by former Premier Mrs Bandaranaike.

The Sri Lankan Cabinet yesterday voted funds for a 10,000 "national auxiliary force" to help the army in the Tamil areas. Pakistan is already training 200 men from this new militia.

President Jayewardene told his ministers it would be reckless not to strengthen the armed forces, adding that development work may have to be curtailed to support defence spending.

The Indian envoy, Mr Ronesh Bhandari, will meet the Prime Minister and other senior ministers, Mrs Bandaranaike, the opposition leader and district ministers of Sinhalese areas backing Tamil areas.

Gandhi presses for political stability in three states

BY K. K. SHARMA IN NEW DELHI

MR RAJIV GANDHI, the Indian Prime Minister, is seeking to increase stability in at least three states where there is still considerable unrest, encouraged by the success of the settlement on Punjab reached with moderate Sikh leaders.

In Kashmir, opposition is growing to Mr G. M. Shah, the present Chief Minister, who remains in power because of the support of members of Mr Gandhi's Congress-I legislators. Mr Gandhi yesterday met Mr Farook Abdullah, the former Chief Minister removed last year and the son of the late charismatic Sheikh Mohammed Abdullah, who has powerful support in the key Kashmir valley.

Mr Abdullah is making a bid to regain the chief ministership and the meeting with Mr Gandhi could improve his chances as the Prime Minister is anxious to end the instability in Kashmir. Mr Abdullah is said to want fresh state elections.

In Assam, a solution to the problem of "foreigners," mostly illegal migrants from Bangladesh, is in the offing following talks with student leaders who have been pressing for their expulsion.

A revision of electoral rolls has been agreed and seems certain that elections will be held in Assam next October.

Although Assam has an elected legislature, it is not considered representative because of the low voter turnout in the last elections in 1982. There was also widespread violence in which more than 3,000 people were killed while polling was in progress. Assam did not go to the polls when national parliamentary elections were held last December.

Mr Gandhi's final efforts to restore peace to Gujarat, which has been affected by agitation over job reservations for the underprivileged for more than five months, are now showing signs of success. There has been no violence for the past fortnight and curfew in all main towns has been lifted.

Mr Madhavsinh Solanki, the Congress-I Chief Minister, was replaced last month and his successor, Mr Amarsinh Chaudhury has made substantial progress finding an agreement with leaders of the agitation.

Fall in Australian jobless

BY MICHAEL THOMPSON-NOEL IN SYDNEY

AUSTRALIA's unemployment rate fell to a seasonally adjusted 8.2 per cent last month, against 8.7 per cent in June—the first major tonic for Mr Bob Hawke's troubled Labor Government in recent months.

The unemployed figure stands at 598,800, the first time the figure has been below 600,000 in almost three years.

Mr Ralph Willis, the Federal Employment Minister pointed out that the fall in unemployment accompanied Labor's success in controlling inflation and boosting growth.

However, Mr Andrew Peacock, opposition leader said there was concern over recent wage rises. "This does not augur well for the future costs of industry, especially with another national wage case in September," he said.

Mr Hawke is trailing in the polls and needs all the help he can muster if he is to overcome the reversals of the past eight motnhs, the most recent of which was his government's mishandling of a "tax summit" in Canberra.

AMERICAN NEWS

White House 'gives direct military advice to Contras'

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON

THE WHITE HOUSE yesterday acknowledged having had contacts with the anti-government "Contra" rebels in Nicaragua, but denied violating U.S. law restricting aid to the guerillas.

The White House comments were in response to a report by the New York Times that the Contras had been receiving direct military advice, and fund-raising assistance, from officials on President Reagan's National Security Council.

Mr Larry Speakes, the White House spokesman, did not deny the report, but stressed that "no member of the NSC has acted in violation of the spirit or letter of existing legislation dealing with U.S. assistance to the democratic resistance in Nicaragua."

The paper quoted senior administration officials and members of Congress as saying that direct White House involvement in the rebels' operation began last year after Congress cut off funds for direct military aid to the rebels through the Central Intelligence Agency.

One administration official said that the advice to the Contras from NSC officials had included "tactical influence" on military operations, as well as help in raising money from private sources.

Although some members of Congress said that they believed that the NSC had flouted the intent of legislation banning direct aid to the rebels, they added that they did not believe it violated U.S. laws.

Congress has since agreed to send the rebels $27m (£20m) in non-military assistance, not to be handled by the CIA. The agency has been authorised, however, to reopen contact with the rebels to provide them with military information.

White House officials have told members of Congress that they are planning to set up a new agency associated with the State Department—the Agency for Humanitarian Assistance—toadminister the new non-military aid funds, the New York Times said.

Mr Reagan has been one of the most vigorous supporters of the rebels, whom he calls "freedom fighters" and whose role he has compared to that of America's founding fathers. The Administration made little secret of its wish to find alternative means of support for the rebels after Congress cut off the official military aid funds.

Yesterday's reports did not suggest that Mr Reagan, who is officially in charge of U.S. foreign policy, had done anything constitutionally improper or acted illegally. Nevertheless, many members of Congress, which is currently in recess, were expected to be unhappy about the extent of White House involvement

Israel denies supplying aid to Nicaraguan rebels

BY DAVID LENNON IN TEL AVIV

ISRAEL emphatically denied yesterday that it has been providing military advisers and arms to the Contras seeking to overthrow the Sandinista government in Nicaragua. The Foreign Ministry expressed regret that Nicaraguan President Daniel Ortega "found it necessary" to make what it called "baseless charges" against Israel.

The influential Israeli morning paper Ha'aretz, in an exclusive interview with President Ortega, cites him as saying that he has evidence that Israeli military advisers and equipment are being used by his U.S.-backed opponents who are trying to overthrow his government.

Ninety per cent of the arms used by former president, Sr Anastasio Somoza, were supplied by Israel.

In a carefully worded statement the Foreign Ministry said "we have denied in the past and we again deny that Israel has directly sold any weapons to the Contras or has given them any direct assistance." The key word here is "directly," which leaves open the possibility that the arms were supplied through a third party to enable Israel to claim no knowledge of the end user.

Prospects dim for Brazil-IMF agreement

By Andrew Whitley in Rio de Janeiro

PROSPECTS of an agreement this year between Brazil and the International Monetary Fund on a new standby loan are fading, as newly released figures show a sharp increase in the Brazilian public sector deficit—the main bone of contention with the IMF.

Figures published yesterday showed that a record monthly deficit of Cru 11,100bn (£1.3bn) was run up by the Government in July. This brought the accumulated total for the first seven months to Cru 35,600bn, up by 139 per cent (adjusted for inflation) on the same period last year.

Worryingly for the Fund and Brazil's creditors, watching the snowballing internal debt, the finance ministry forecast there would be no significant reduction in the deficit during August.

In public at least, there is as yet no official alarm over the Government's mounting deficit. But a leading private economist Sr Paulo Guedes, warned on Wednesday that the government of President Jose Sarney may soon be forced to declare an internal mortarium on its debt payments.

With Brazil and the IMF still far apart on the scale of the austerity measures required, Brazilian officials are now reconciling themselves to the growing likelihood that they will not be able to reach an agreement covering 1985.

Earlier this week Sr Francisco Dornelles, the Finance Minister, admitted that the Government was considering opting for a 12 month agreement, covering only 1986, as opposed to the 18 month programme commencing last July it had originally sought.

The prospect of a breathing space to the end of the year in the negotiations—a period in which Brazil could put its house in order—was welcomed yesterday by the Gazeta Mercantil, the leading business daily, as a positive point rather than a cause for alarm.

In turn, however, the postponement of an agreement with the IMF has considerable implications for the country's 700 bank creditors, about to receive an official plea once again to renew temporarily $15.6bn in short-term trade and inter-bank credit lines extended to Brazil.

Hugh O'Shaughnessy reviews the continuing problems facing a shaky coalition

Grenadian rollercoaster tests Blaize's skills

FOR Mr Herbert Blaize, Prime Minister of Grenada, the past month must have given him the sensation of riding on a roller coaster.

At the beginning of July he survived an attempt to unseat him. Last week he got a pile of money from the European Community and yesterday the High Court in St George's, the island's capital, got down to the thorny problem of sorting out the events of October 1983 and the murder of Mr Maurice Bishop, his predecessor in office.

Mr Bishop, leader of the Grenadian revolutionary government, was imprisoned and then shot by his left wing political rivals who went on to set up a "Revolutionary Military Council" which was overthrown in its turn by the U.S. lead invasion of October 24 1983.

Mr Bishop's deputy, Mr Bernard Coard, his wife Phylis Coard and General of the Armed Forces Mr Hudson Austin, together with 16 more minor figures face charges arising from the killing and the subsequent putsch.

Since Mr Blaize took office after last December's elections, political observers have harped on the fact that the coalition government he leads is a shaky one. They have added that his own health is nearly as shaky as the coaltion.

It was not until the end of June that his rivals in cabinet decided to mount a political coup against him. The Grenada Democratic Movement lead by Mr Francis Alexis, the most conservative of his coalition allies, has been expressing concern at the Prime Minister's supposedly authoritarian style and the fact that the Government gave house room to the New Democratic Party of Mr George Brizan. whose views Grenadian conservatives see as "Communist."

Mr Alexis was a sworn opponent of Bishop's New Jewel Movement, the left-wing government which seized power in the Caribbean state in 1979 and ruled till its destruction in October, 1983. He spent most of those years in exile in the U.S. where he was reported to have forged good links with the Reagan Administration.

An ambitious man, he offered himself to lead the nation after the death of Bishop and the subsequent invasion by U.S. troops. M Brizan for his part was once an associate of Mr Bishop's but split with him early on and was not involved in the 1983 traumas. Mr Alexis is Mr Blaize's labour minister, Mr Brizan looks after industry and tourism.

In the even, Mr Alexis's move to promote a no confidence vote in the Prime Minister early last month did not prosper.

It was derailed by a bizarre crisis which took place in Mr Blaize's absence and which involved calling out the Grenadian security forces to close down an

Blaize: fending off rivals

allegedly illegal radio station. The owner of the radio station, an opponent of Mr Alexis, was briefly arrested before being freed after street demonstrations in his favour.

It was one of those storms in a teacup which are constantly occurring in the tiny political societies of the Eastern Caribbean islands.

But Mr Alexis does not seem to have given up and according to Insight, the authoritative publication of the West India Committee, he intends to mount another attack on Mr Blaize's leadership.

The Grenadian leader got some consolation last week in the form of an Eastern Caribbean $10m package from the European Community, most of which came in the form of a grant to be used to build a road round the north-east of the island. Mr Blaize was absent from St George's but in signing the deal with the visiting European delegation, Mr Ben Jones, Deputy Prime Minister, took the opportunity of pointing out new projects for which Brussels could make money available.

The excitements of the past month will, however, pale before the island's trial of the century which restarted yesterday after two adjournments.

In the dock are 19 leaders of the old regime on charges relating to the death of Mr Bishop and others in 1982. The principal defendant facing a charge of murder is Mr Coard, Mr Bishop's former deputy who was widely credited with being the brains behind the push which overthrew Mr Bishop and put in place the "Revolutionary Military Council.

Mr Austin, the leader of the RMC and General of the Armed Forces who ruled the island for six days before the U.S. troops arrived, is also a defendant.

As the 19 defendants stand before Chief Justice Archibald Nedd, Mr Blaize will be contemplating the problems that will arise from the outcome of the trial whatever it is.

The defence is pleading lack of access to their clients to start with. If any of the accused is found guilty of murder he will face a mandatory death sentence.

Grenadians know however that the death sentence, if it is not commuted by the Governor-General, will raise a storm of international controversy which Grenada can ill afford as it tries to heal the wounds of two years ago. At the same time a commutation of the death penalty to a long period of imprisonment will in itself create problems for the island's rudimentary prison service charged with keeping incarcerated people of world wide notoriety.

If, unlikely as it may seem, there are acquittals there is sure to be a popular reaction in Grenada where the defendants are highly unpopular. When Coard, Austin and others were first captured after the U.S. invasion there were widespread calls for their summary execution.

Mr Blaize will need all his political acumen in the coming months. And in London where the finishing touches are being put to the arrangements for the Queen's visit to Grenada in October, a number of officials are biting their nails.

Hugh O'Shaughnessy is the author of Grenada, Revolution, Invasion and Aftermath published by Hamish Hamilton/Sphere last year.

Democrats see trade as hot issue in mid-term elections

THE BATTERED U.S. Democrats, searching for a hot issue next year's mid-term congressional elections, are rapidly concluding that international trade may provide the answer, our U.S. Editor writes.

While some remain wary of the issue, two recent events have given a sharp boost to those who believe that the time is ripe to tap widespread popular concern over soaring imports and the unemployment they are causing in many parts of the country.

In a hard-fought special congressional election in East Texas at the end of last week, Mr Jim Chapman, the Democratic candidate, narrowly held off a strong Republican challenge after making trade a major issue. He was considerably helped by an unfortunate remark by his Republican opponent, who unthinkingly told a local newspaper: "I don't know what trade policies have to do with bringing jobs to East Texas."

The district, which has an agricultural and light industrial economy, has an unemployment rate of 9.4 per cent — over two percentage points above the national average. It has a steel plant where foreign competition has contributed to numerous lay-offs.

In spite of these special circumstances, the Democrats are treating East Texas as an omen of things to come at the national level. In the light of the East Texas result, trade "is the coming big story," says Mr Tony Coelho, chairman of the Democratic Congressional Campaign Committee.

That view was reinforced by the second major grass-roots political event of the last few days, the National Governors' Conference in Boise, Idaho. Many governors reportedly left the meeting convinced that trade could be the dominant issue not only of the mid-term elections, but possibly also of the next presidential elections in 1988.

"The monthly trade balance number is going to become the new political performance index of 1986," said Mr John Sununu, the Republican Governor of New Hampshire. Like other Republicans, he is concerned that the White House's laissez-faire approach to the $150bn (£1.1bn) trade deficit projected for this year could prove devastating to his party in 1986.

Opinion polls have long shown widespread public hostility towards imports — recent surveys have shown majorities of two thirds and more in favour of import restrictions. The Democratic establishment, however, has hitherto been wedded to free trade.

That now appears to be changing fast. A group of senior Democrats have recently introduced legislation in Congress that would impose a 25 per cent surcharge on countries with excessive trade surpluses with the U.S.

Introducing the proposal, Mr Dan Rostenkowski, the Democratic chairman of the House Ways and Means Committee said: "America is fast approaching a trade crisis. The dyke against sheer protectionist legislation is about to break. This is a kind of last call from congressional moderates."

Many Democrats, however, are still unhappy over endorsing openly protectionist policies, particularly as they are now widely associated with the labour movement. In his unsuccessful presidential campaign last year, Mr Walter Mondale took up the cause of trade restriction, only to find himself damagingly denounced as the candidate of "special interests."

Most Democrats also fully recognise that protectionist policies could backfire, if they led to a trade war that damaged the U.S. economy even further. While they now realise that trade could provide a major gut, patriotic issue for confronting the Republicans, many are still unsure of the best strategy for exploiting it.

While opposing the protectionism, the Republicans are uncomfortably aware of the issue's potential. Mr Robert Dole, the Senate majority leader, who faces re-election in Kansas next year before a possible run for the White House in 1988, is now calling for a "mutual trade" policy. "I don't support import surcharges," he says. "But we have to come up with something."

WORLD TRADE NEWS

Congress team raps Japan over surplus

By Carla Rapoport in Tokyo

SENIOR U.S. congressmen visiting Tokyo yesterday lashed out at Japan for failing to take effective action against the country's huge trade surplus with the U.S.

Mr Sam Gibbons, Chairman of the House Ways and Means Committee's trade subcommittee, said yesterday Japan will have to lower its trade surplus with the U.S. to $15bn (£11bn) over the next five years or face restricted access to the U.S. market.

Mr Gibbons claimed that about 25,000 jobs are lost in the U.S. for every $1bn in the U.S. trade deficit. "Our message to the Japanese people is that the political system in the U.S. will not be able to sustain these deficits," he said.

"We can't go on the way we have been going. It is going to take heroic efforts on the part of the Japanese people and the government to stem this deficit and turn it round. I must tell you are at a crisis point."

According to members of the visiting trade mission, the U.S.-Japan trade deficit could climb from $37bn last year to $50bn this year. Congress, they said, will be facing 57 separate Bills on various protectionist measures when it reconvened in the autumn.

The Americans were also dismissive about recent market-opening measures, outlined by Mr Yasuhiro Nakasone, Japan's Prime Minister, two weeks ago.

"If the action programme had been done four years ago, it would truly have been (seen) as an heroic effort," said Mr Donald Pease, a democrat from Oklahoma.

Mr Carroll Campbell, a republican congressman from South Carolina said: "This is no longer a question of trade and economics. It is a political question and the people of Japan need to know it will be addressed politically."

The congressmen said that although President Ronald Reagan may well veto any protectionist measures passed by Congress in the next session, the veto might be over-ridden by the necessary two-thirds needed in both houses.

Jurek Martin explains why Japan is prepared to throw almost everything into the negotiating basket

Tokyo sees fresh trade round as antidote to anarchy

THE NEW multilateral trade round may mean more to Japan than it does to any other country, industrialised or developing. The U.S., the European Community and other regional blocs have approached it with varying degrees of enthusiasm and much concentration on what should or should not be on the table, such as services, but Japan sees the new round as little short of an article of faith, the only viable antidote to the sickness of trade anarchy and protectionism.

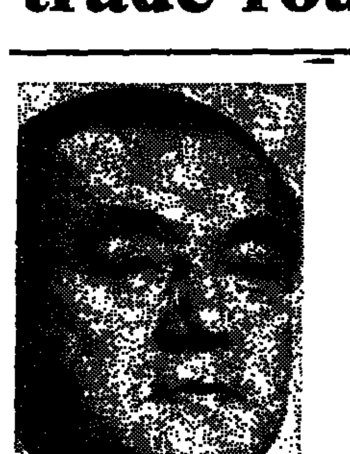
Only last week, in presenting the latest import action programme, Mr Yasuhiro Nakasone, the Prime Minister, cast the new round in positively apocalyptic terms. "The free world nations," he said, "are at a crossroads, facing the crucial choice of continuing walking along the road of economic prosperity with free trade as its basis or following the path to an economic stagnation under protectionism."

In looking for a global policy contribution befitting its economic strength, Japan latched on to the new round concept before any other leading industrialised nation and has pushed it hard over the past two years (indeed, for a while, it was informally known as the Nakasone round).

It has done so at two economic summits (London and Bonn), at bilateral meetings between Mr Nakasone and President Reagan, most recently in Los Angeles in January, and in negotiations with the European Community. In Japanese eyes a signal persuasive triumph was chalked up in Kyoto in February in the course of one of the regular quadrilateral meetings of trade ministers, when the EEC was "induced" to drop some of its public reservations (whether, on this occasion, Japanese arguments were decisive remains a matter for debate).

Japan has also sought to throw more than mere rhetoric behind the cause. With the single notable exception of trade credits, which it belies should remain in the purview of the Organisation for Economic Co-operation and Development (OECD), Japan has said it is prepared to throw everything and anything into the negotiating basket. It has even pledged, repeated again last week, that it is willing to be party to negotiations to reduce all industrial tariffs to zero—though not unilaterally.

Japan has also assumed a considerable share of the Western burden in trying to persuade the developing nations to take part in the new round,



❛ The free world nations are at a crossroads, facing the crucial choice of continuing along the road of economic prosperity with free trade as its basis or following the path to economic stagnation under protectionism ❜ — Mr Yasuhiro Nakasone

in particular using its strong commercial ties with its Asian and Pacific neighbours to this end. This, however, is not proving easy, either in the wider forum of Geneva itself or in narrower meetings, such as this summer's sessions with the Association of South East Asian Nations (Asean) which groups Indonesia, Malaysia, Singapore, Brunei, Thailand and the Philippines.

What remains far less clear, however, is the extent to which Japan is prepared to make real and painful concessions if and when the negotiations begin in earnest. Although the commitment to eliminate industrial tariffs looks impressive on paper, most trade experts (Japanese included) now believe that other non-tariff barriers now constitute the larger obstacle to freer flows of goods and services.

Moreover Japan itself still maintains tariff and quota walls around the core of its domestic agriculture, one of the major props underpinning its ruling Liberal Democratic Party. As the U.S. has found out, persuading Japan to expose its farmers to international competitive forces is akin to squeezing blood out of a stone. By the same token, Japan is disinclined to demolish, at a stroke, the less formal control it still exercises over other assorted commodities, such as oil and oil products.

Although committed to privatisation and deregulation, the Japanese approach to both is very different—and much less ideological—than that now being practised by the Reagan Administration. Indeed, were the U.S. to seek to use the new round as a vehicle for the implementation of global free market philosophies, Japan might find itself resisting such arguments as vigorously as the developing countries already have over services and as some European nations are likely to if state control over key economic sectors, like telecommunications, is threatened.

But these future caveats will only be seen to be true or false when the nitty-gritty of negotiations gets under way. In the meanwhile Japan is probably more exercised over the threats of unilateral protectionism from both the U.S. and Europe.

The Japanese sense that if retaliation against its products acquires a momentum of its own, then the principles of the new round will sound very hollow. Given the existing resistance of the developing countries, it could even doom the new round itself.

That would be quite a blow to not only the Nakasone Government, but to the Japanese psyche, as it seeks to find ways of contributing to international policy-making. While it may be true that Japanese competitiveness would enable it to survive with or without Gatt, the new round has become, quite simply, a motherhood issue. Infanticide is not an alternative to be contemplated.

The previous articles in this series appeared on July 2, 12, 18, 24 and August 1.

Rotterdam crude oil shipments fall 12%

By Laura Raun in Amsterdam

CRUDE OIL shipments through the port of Rotterdam fell sharply by 12 per cent to 36m tonnes in the first half of this year as West European petroleum refineries curtailed purchases in anticipation of lower prices.

Oil stocks in Western Europe have fallen to a 10-year low, according to figures from the International Energy Agency. Replenishment of supplies is expected in coming months, but Rotterdam, the world's largest port, does not believe petroleum cargo in the second half will rise significantly.

Oil cargo through Rotterdam has shrunk steadily due to energy conservation, diversification and economic sluggishness since it peaked in the 1970s.

The port authority expects modest overall freight growth in the second half as accelerated trade in Europe offsets a weakening economy in the U.S.

Rotterdam cargo figures are viewed as a barometer of the international economy because of the vast amount of goods transhipped through the Dutch harbour.

Total freight handled in the port stabilised at 123m tonnes in the January-June period, the same level as the first half of 1984, according to provisional figures.

General cargo ended up 1 per cent to 21.8m tonnes while bulk cargo, which includes oil and refined products, slipped 1 per cent to 101m tonnes.

Refined products, however, jumped 14 per cent to 18m tonnes, largely due to higher demand in West Germany.

Coal shipments, which also are included in bulk cargo, leaped 20 per cent to 7m tonnes, partially because of the end to the British coal miners' strike.

The port expects to handle an additional 1m tonnes of coal a year beginning in 1986 as a result of a three-year contract in which the Rotterdam stevedore company EMO will tranship U.S. coal to Portugal for use in electricity generation.

UK company in HK telephone exchange deal

By Jason Crisp

NATIONAL Telephone Systems (NTS), a small UK telecommunications company, looks set to win substantial orders from China following a deal with Wongs, a Hong Kong electronics company.

NTS—formerly Small Systems Engineering—is one of the few small entrepreneurial companies to have moved into sophisticated telephone products

The company has signed a contract with Wongs which will sell its small private exchanges (PABXs) in China and Hong Kong.

The contract is expected to be worth £3m a year to NTS, which in the current financial year is expected to have sales of less than £4m.

The exchanges are to be manufactured in the UK by Thorn-Ericsson, a joint venture between Thorn EMI of Britain and LM Ericsson of Sweden.

EEC 'dumping' probe into flat glass sales to Greece

BY IVO DAWNAY IN BRUSSELS

THE EUROPEAN Commission yesterday announced an anti-dumping investigation into sales of flat glass to Greece from Turkey, Romania, Bulgaria, Hungary and Czechoslovakia.

A complaint lodged by Greek and Community glass lobbies claims that sales to the Greek market from these countries have risen from 3.7 per cent of the home market in 1981 to 24.7 per cent in 1984.

This, they say, has cut Greek production, reduced glass capacity in use, and damaged employment in the industry.

Taking prices charged by the Comecon countries on the Turkish market as a base, the Commission says that alleged dumping margins appear to be "extremely significant."

The complaint registered by Greek glass industry estimates that prices at which exported glass products are offered range from between 37 per cent and 57 per cent below those of domestic products.

● A leading West German glass company and a Swiss finance group have bought a 40 per cent share in a Portuguese bottle plant in an Esc 275m (£1.2m) investment that will inject new technology into a sector attempting recovery from a marked recession, Peter Wise reports from Lisbon.

Hermann Heye-Glas and Larache Enterprises acquired the share in two glass-packaging companies owned by the Santos Gallo family in Marinha Grande, Central Portugal, in a deal under which they will automate production lines, set up training schemes, and boost production for export.

Outdated technology has contributed to a slump that has hit the Portuguese glass industry centred in Marinha Grande, leading to bankruptcies and labour strife.

U.S. approves construction of Pacific cable

THE U.S. Federal Communications Commission (FCC) says it has authorised the planned construction of a $773m (£552m) transPacific cable to link the U.S. and the Pacific basin, Reuter reports from Washington.

Communications traffic is now routed over two underwater cables and via satellite, but additional capacity will be needed in coming years.

The FCC says construction of the first link, from the U.S. mainland to Hawaii, will start by 1988. The final link to South Korea, Hong Kong and Taiwan is expected to be in operation by 1990.

Financing for the project is to be shared equally between the U.S. and other countries involved. American Telephone and Telegraph is to pay 44 per cent of the U.S. share, and Japanese carriers are to pay most of the foreign share.

India to invite bids for fresh oil-search round

BY K. K. SHARMA IN NEW DELHI

THE INDIAN Government is to invite foreign oil companies to bid for a new round of continental shelf oil exploration contracts in October.

In a bid to overcome foreign reluctance to participate in the country's offshore industry, the Government says it is looking at ways of making bidding terms more attractive.

The Government says its new strategy will be based on a detailed computerised study of terms offered by other countries to foreign companies for oil production and exploration.

The British company of Guinness Peat has been asked to make such a study of nine countries including Britain, Norway, Indonesia, Egypt and Spain.

The study is expected to be complete by next month and bids for 34 blocks of roughly 20,000 sq km each will then be called for.

The response by foreign oil companies to two previous oil exploration rounds was extremely unsatisfactory. A total of four Canadian and U.S. companies signed contracts but exploration work undertaken was kept to the minimum possible and yielded no results.

The terms to be offered for the third round of bids are expected to include tax incentives, substantial production sharing and a more generous supply of data obtained from seismic surveys and other studies to enable potential bidders to choose blocks they consider most attractive.

Although India now produces more than 70 per cent of its oil needs from onshore and offshore fields, demand for petroleum products is rising rapidly and straining the balance of payments because of the high cost of imported oil.

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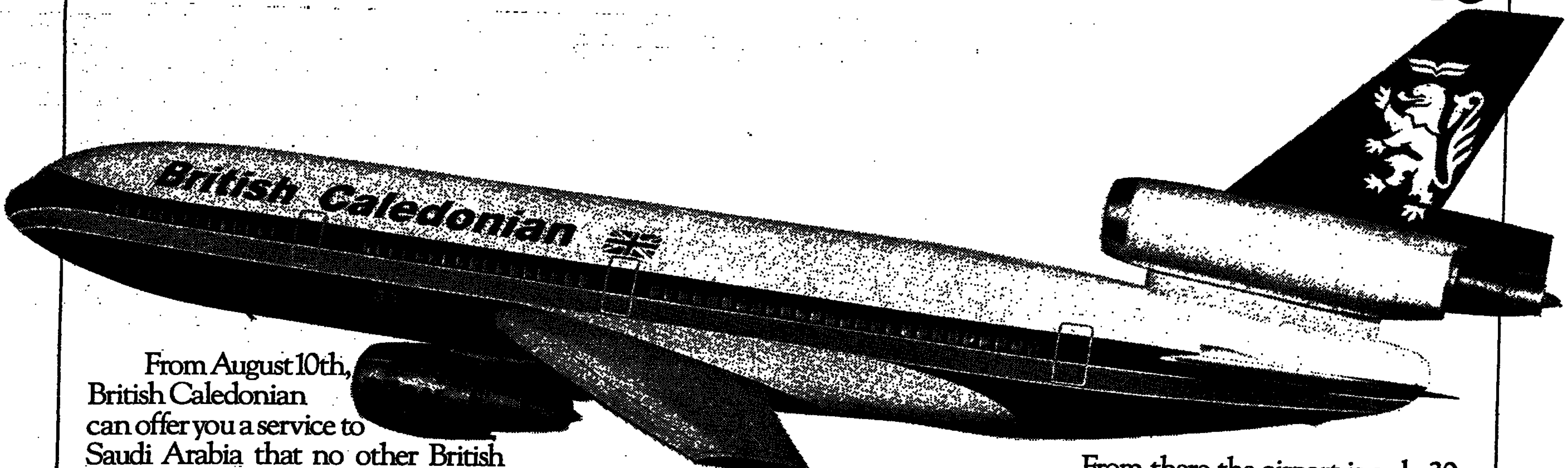

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BBC committed to 'exploring' terrorist groups

BY RAYMOND SNODDY

THE BBC will continue to explore and explain the views and motives of terrorists and this would include the use of interviews with them, Mr Alasdair Milne, the corporation's director general told staff yesterday.

But the BBC had not and would not provide unchallenged opportunities for the advocacy of terrorism, Mr Milne added.

He endorsed the views of colleagues on the board of management that the intention of the 'Real Lives' programme on violence in Northern Ireland, which was withdrawn after government pressure, was proper and that the programme makers had behaved scrupulously. There had, however, been a failure to observe internal guidelines at the highest level.

Mr Will Wyatt, head of documentary features at the BBC, and Mr Paul Hamann, the producer, would make additions to the programme "that can and should be made to the film before transmission – for the purpose of greater clarity and without impairing the integrity of the programme."

Mr Milne said he would then view the film, take a decision concerning its transmission and convey this to the governors.

There were growing signs within the BBC of attempts to heal the rift within the corporation between the board of management and governors.

In particular, it is believed, that Mr Milne and Mr Stuart Young, the chairman of governors, have agreed procedures under which the controversial programme 'At The Edge of The Union' can be shown, probably early next year.

Earlier speaking on BBC radio Mr Milne again emphasised that however important the constitutional position of the governors they could not run the BBC on a day-to-day basis.

The director general said he believed that much of the trouble had arisen because the governors decided – as they were entitled to do – to view the film in advance.

"Although they rightly hang on to the prerogative that they can see programmes if they want to, I know myself that they probably won't wish to in future," Mr Milne said.

Mr Alwyn Roberts, the BBC national governor for Wales and the only governor to oppose the banning of the programme, made his views known publicly for the first time yesterday.

Mr Roberts said he considered resigning because of the fundamental disagreement over the decision of his colleagues but had decided to stay.

He remained convinced that the programme should be shown because "it held a mirror to extremism in a way which exposed their ugliness."

The programme allowed the protaganists of such views, Mr Roberts argued, "to demonstrate some of the intractable elements of the problem in a way which had not been done before. "Meanwhile an opinion poll commissioned by Independent Television News shows that while 58 per cent of people think it wrong to let terrorists appear on television, 46 per cent disapprove of the BBC decision not to screen the programme.

The survey, carried out for ITN by the Harris Research Centre, also shows that the public is split over whether the showing of television programmes about extremist organisations in Ulster increases public support for them.

Harris questioned 1,050 adults (aged 18 and over) throughout the UK. Asked if they approved or disapproved of the BBC's decision not to show the documentary, 37 per cent approved, 46 per cent disapproved and 17 per cent did not know.

On whether they thought it right or wrong that members of extremist organisations such as the IRA should be allowed to appear on national television, 31 per cent thought it right, 58 per cent thought it wrong and 11 per cent did not know.

GEC chief attacks government policy

BY GUY DE JONQUIERES

MR JAMES PRIOR, chairman of the General Electric Company (GEC), and a member of Parliament has strongly criticised government policy towards the manufacturing sector and accused it of damaging British industry's international competitiveness.

Mr Prior, a former senior member of Mrs Thatcher's Cabinet who became GEC's chairman last September, also says in the company's latest report and accounts that the current economic climate is "not noticeably encouraging" to investment by manufacturing industry.

His remarks underline the recent deterioration in relations between GEC and the Government and, more generally, reflect disappointment in industry at the direction and results of economic policy.

Mr Prior complains that British industry is handicapped in competing internationally, particularly in Third World markets, because other industrialised countries have bigger development aid budgets and spend them more productively.

"In the absence of effective international regulation in this field, British firms have been prejudiced in their efforts to sell abroad by the relatively low level of our government's support and, just as important, the slowness of reaching decisions within Whitehall," he says.

He says that British Telecom has been allowed to exercise monopoly purchasing power "without regard to the interest of British manufacturing and British technological development."

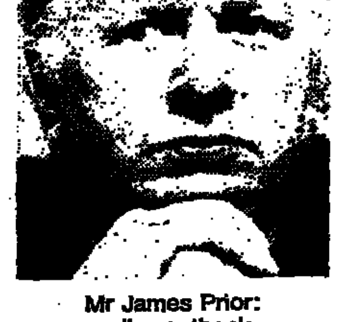
In particular, he takes BT to task for not inviting UK companies last year, to bid against international telecommunications manufacturers to supply a second range of digital public telephone exchanges in competition with System X, made by GEC and Plessey.

"To have excluded the domestic suppliers from quoting for, let alone supplying, a part of the UK requirements for telephone exchanges, undermines the credibility of British manufacturers as competitors in foreign markets and at the same time denies them access to a substantial part of the home market," he says. "It is impossible to imagine any of our foreign competitors being so disadvantaged by their own people."

Mr Prior also criticises government support for inward investment by foreign companies. This, he says, amounts to little more than subsidising foreign competitors to build assembly units in Britain

GEC, which had sales of £5.976bn in the year to March, is one of Britain's largest exporters, with exports of £1.233bn last year. But it has also been criticised by ministers for relying too heavily on protected UK government markets, notably for defence equipment,

Last year, Mr Nicholas Edwards, Secretary of State for Wales, accused GEC of turning itself into a financial institution on the back of government contracts instead of risking its own resources to develop and market new products aggressively. Mr Edwards later retracted his remarks.



Mr James Prior: policy setback

BCal signs radical pact with workers

BY DAVID BRINDLE, LABOUR STAFF

UNIONS AND management at British Caledonian Airways (BCal), the UK's largest independent airline, have signed the first of a planned series of radical agreements on job flexibility, pay and worker participation.

The agreement, signed by seven unions and covering about 1,000 engineering and maintenance workers, provides for an exhaustive disputes procedure and secret balloting before any strike action is taken.

Under the deal, which BCal wants to tailor to suit all 6,300 employees, extensive overtime working has been bought out in a salary package. To contain duties within a 37½-hour week, the unions have promised "total co-operation and flexibility in arranging shift patterns and working hours."

In addition, they have agreed flexibility among different crafts, undertaking that "demarcation as a means of safeguarding interests must not be allowed to occur."

Typical salaries set by the agreement are: £13,100 for an aircraft technician, £12,900 for a workshop technician and £9,000 for a ground support tradesman. Shift pay ranging from £913 for rotating days to £2,281 for rotating permanent nights is additional.

Inspiration for the agreement came from Mr Jack Roach, BCal's personnel director. However, lay union representatives drew up their own draft and conducted negotiations on it, winning a 91 per cent vote in favour on a 97 per cent poll when the final version was put to ballot among the engineering and maintenance staff.

Mr Nick Martin, the Transport and General Workers' Union's national secretary for civil air transport, said: "This is the most forward-looking agreement that has been negotiated in many years in what is a very high technology industry."

The agreement sets out a structure of panel negotiating machinery for BCal, with elected lay representation at the national sectional tier. There is separate provision for discussion groups on efficiency and health and safety issues, again with elected shopfloor representation.

The airline has undertaken to encourage union membership which, the agreement says, is expected of all employees.

Challenge to Japan by machine tool maker

By Andrew Fisher

BEAVER, the machine tool maker, launched a new range of computer-controlled lathes this week with which it aims to gain around 10 per cent of the UK market in the face of strong Japanese and European competition.

They will be produced at a new plant in Peterborough, the first to be established in the much shrunken British machine tool industry for several years. The parent group is based in Norwich, Norfolk.

Beaver currently makes machining centres, capable of performing a variety of metal-cutting functions, in Norwich. In line with the rest of the UK industry, it has experienced a surge in sales in the past year or so, after the slump of the previous years.

Mr Tony Balding, managing director of the family-owned group, said turnover had soared by around 40 per cent in the last financial year to April 1, 1985, to reach £6.9m. This year should see a rise to more than £8m.

He said the main competition for the new lathes, or turning centres, would be Japanese companies like Yamazaki, Nakamura, and Okuma. "If you mention 10 competitors, about seven of them would be Japanese," he commented.

But there were also rival UK and continental European companies, notably in West Germany. "There's no shortage of competitors, that's for sure. There's plenty of them about."

The first new Beaver lathe, will be the mid-range TC20, with a choice of Siemens computer controls from Germany, or the more costly and powerful Fanuc system from Japan. Beaver spent some £750,000 on design and development of the range, achieving this in just a year. Other models will follow soon.

By the end of 1987, Beaver intends to produce its CNC (computer numerical control) lathes at a rate of 100 annually. In a few years' time, reckoned Mr Balding, this could rise to about 300.

Poll points to gains in Alliance merger

BY PETER RIDDELL, POLITICAL EDITOR

THE SOCIAL Democratic Party (SDP)-Liberal Alliance might increase its support considerably among voters if the two parties merged into one and there was a single leader, according to a new Gallup survey.

The results will intensify the internal debate about the future direction of the Alliance and provide ammunition for the influential group of senior Liberals and some Social Democrats arguing for closer links, generally short of merger, against the preference of Dr David Owen, the SDP leader, for a close partnership of separate parties.

The Gallup survey, a previously unpublished part of its monthly poll, shows that 45 per cent of voters would be more likely to support the Alliance if the Liberals and Social Democrats merged into one party, with only 8 per cent less likely to do so.

Moreover, 63 per cent of those who considered voting Alliance would be more likely to do so after a merger. The latter group of those who considered voting Alliance is more than a quarter of the total sample and is in addition to the fifth who say they have voted Alliance.

The poll also shows a large majority for one Alliance leader rather than two, both among all voters and potential supporters. In practice, there is no chance of a merger before the next general election and Mr David Steel, the Liberal leader, has gone along with Dr Owen's support for a dual-leadership, while both men have stressed their belief in their complementary roles and in joint appearances during election campaigns.

The present position is that the leader of the party with the largest number of MPs would become Prime Minister if the Alliance were in a position to form a government.

Some prominent Liberals, however, have argued that the identity should become closer. In particular, they have said it should be made plain before a general election that there would be a single leader afterwards in any negotiations with other parties in a hung parliament where no group has an overall majority.

Funding body planned for high tech projects

BY OUR POLITICAL EDITOR

THE CREATION of a New Technology Enterprise Corporation to provide capital for feasibility studies and development costs of small-scale high technology innovations will be proposed by the Social Democratic Party (SDP) in a discussion paper on innovation policy to be published next week.

The SDP conference in Torquay in early September will be asked to approve, as a basis for future discussion, a Green Paper (discussion document) prepared by a group chaired by Mr Parry Mitchell of United Leasing, which supplies and finances high technology equipment.

The SDP group has proposed a variety of new financial initiatives apart from the New Technology Enterprise Corporation. These include modification of the Business Expansion Scheme to benefit companies investing substantially in research and development and to enable companies to claim tax relief for investment in small high technology companies, together with an industrial credit scheme to provide low cost bank loans for this type of investment.

An immediate increase of £50m in the current research council budget is proposed to enable outstanding research to continue to be funded.

Among the other proposals are an immediate five-year intensive programme in schools, college and industry "to end the skills crisis in engineering and electronics and to improve mathematics, science and vocational skills in schools."

The group also calls for the creation of a Royal Society for Innovation and for a major extension of the present national scholarship scheme and an increase in the number of postgraduate awards for engineers to study business administration.

Tailback in repair work on highways

INSUFFICIENT funds have led to a backlog in motorway repairs which will take seven years to clear, according to an examination of government spending on roads published today.

The report, prepared by Sir Gordon Downey, the Comptroller and Auditor General, also reveals a serious lack of maintenance on Britain's trunk roads.

"At a conservative estimate, current levels of funding will result in a backlog of about 600 miles or trunk road maintenance by the mid-1990s," it warns.

The report includes Department of Transport figures which show a shortfall of 220 single carriageway equivalent miles of trunk road maintenace at the end of the 1984-85 programme.

This would cost £70m to repair at 1985-86 prices, it says. "But if the work is significantly delayed, remedial costs will rise in real terms as road surfaces deteriorate further."

The report estimates that "a strategy for bringing trunk road maintenance under control within the next five to 10 years would require additional funds of £35m a year (£175m over five years) or £21m a year (£210m over ten years)."

□ **AIRSHIP** Industries, the UK builder of lighter-than-air craft, has won a study contract from the U.S. Navy, to participate in a detailed analysis of the future use of airships for a wide range of tasks.

The U.S. Navy has for many years been an operator of airships in coastal surveillance and anti-submarine patrols, but its latest study is intended to determine whether there are other roles for airships in the fleet.

The contract, worth $200,000, is in conjunction with the U.S. Westinghouse electronics group. They will formulate concepts for the use of large airships carrying radars for surveillance of air, surface and submarine targets.

□ **STRONGER** controls over the disposal of hazardous waste products are urged by a House of Lords committee. It says a "significant part" of the waste disposal industry is cutting corners.

The committee on science and technology draws particular attention to the practice of "landfill" – burying hazardous substances – where it suspects widespread laxity.

□ **A UK CONSORTIUM** headed by Philip Harris, the medical and educational suppliers, has won a £65m contract to equip the new Sultan Qaboos University, in Oman.

Mr John Haller, chairman of Philip Harris, said it would bring work for hundreds of UK companies throughout the science and educational supply industry. The contract was won against competition from France, West Germany, the U.S. and Canada.

□ **MIDLAND** Bank is to reduce the compulsory retirement age for male staff from 65 to 60, bringing it into line with that for women. This will mean earlier retirement for 2,000 men over the next 15 years.

Labour's sights on bill of union rights

BY JOHN LLOYD, INDUSTRIAL EDITOR

MR JOHN PRESCOTT, the Labour party's employment spokesman, is to push for Labour policy to include bill of "positive rights" for trade union members which would replace the present system of immunities from legal action around which industrial relations law is framed.

In a document to be presented at the Labour Party conference this autumn, Mr Prescott will also ask for planning to be at the centre of Labour's economic policy, substantially reducing the power of the Treasury in favour of a powerful Department of Industrial and Economic Planning.

Such a department would oversee a National Planning Council, which would be the main interventionist instrument of a future Labour Government and would in turn direct the work of a National Investment Bank.

Mr Prescott's proposals build on the policies outlined in the Trades Union Congress (TUC)-Labour Party document, "a New Partnership, a New Britain" launched earlier this week. In many respects they go significantly beyond them. They revive some of the proposals that were developed before the last general election, and which have since been pushed to the background with the publication of the Partnership document.

Mr Prescott will press his proposals on the party's policy-making committee, and they are expected to form part of the debate that has yet to come within the TUC-Labour Party liaison committee. Many of those ideas remain controversial within the movement, and his publication of them at the Labour conference will represent a marker for future debate.

The document is likely to press the case for a new Trade Union Act, which would enshrine a series of "industrial citizenship rights." Those rights would include statutory obligations on companies to inform and consult workers through their unions, and possibly even to give them representation on company boards – although that is likely to be made permissive on pressure for such representation from below.

The trend in his thinking is towards the replacement of immunities with positive rights – as the right to strike, to organise and to bargain collectively. That agrees with the line of thinking that Mr Neil Kinnock, the Labour leader, appeared to endorse in remarks he made while introducing the partnership document earlier this week.

Mr Prescott also agrees with Mr Kinnock that the balloting provisions in the 1984 Trade Union Act – which give union members the right to ballot on the election of union executives, on strikes and on the maintenance of political funds – cannot simply be scrapped.

He is likely to push that line in further discussions within the party and between the party and the TUC, and to press for the existing rights to be included in his proposed Act.

He will also propose in his paper that regional and local authorities be given equal status in future planning mechanisms to Government, unions and employers, thus replacing tripartism with "quadripartism." Particular empasis will fall on the regional and local authorities acting as "engines of growth" within their areas, using their revenues to create employment along the lines pioneered by, among others, the Greater London and West Midlands Enterprise Boards.

Terry Povey reports on how a small family company became the centre of serious financial allegations

JMB loan goes to heart of tangled corporate dealings

THE SHAREHOLDERS and staff at Sumrie Clothes have known nothing like it. The long established and, until recently, rather staid family run made-to-measure clothing company has suddenly found itself promoted from relative obscurity into the national headlines.

Mr Michael Hepker, who took over as Sumrie's chairman only 18 months ago, has become the centre of considerable controversy following allegations made by his former chief executive, Mr Pat Benson. These became public when Mr Brian Sedgemore MP raised them in the House of Commons.

The MP made serious allegations concerning Mr Hepker's dealings with Johnson Matthey Bankers (JMB), which was rescued by the Bank of England last year with debts of £248m, and in relation to proceedings before the UK Takeover Panel. Mr Benson has also reported Mr Hepker to various official bodies alleging breaches of the Companies Act.

City of London police are to investigate whether criminal offences lay behind the near-collapse of JMB.

The accusers of Mr Hepker will today be confronting him at Sumrie's annual general meeting in Leeds. Among those attending will be Mr Benson and Mr Sedgemore – who will be questioning the annual report and opposing the election of directors friendly to Mr Hepker. Also present will be Price Waterhouse, auditors to both Sumrie and Johnson Matthey Bankers – whose re-appointment will be opposed by some shareholders at the meeting.

Prior to his involvement with Sumrie and JMB, Mr Hepker ran a tax consultancy business, Marchmont. This was wound up in 1981 and Mr Hepker left the UK for a period to live near Cannes, in the south of France. A few miles away in Monte Carlo are the offices of many of the accountants and solicitors who serve as directors and shareholders in the offshore companies which feature prominently in Mr Hepker's affairs.

While there is no direct link between Sumrie and Ravensbury Investments, the Isle of Man company which owes JMB £1.5m, the personalities and some of the companies involved overlap considerably.

At Sumrie, ordinary shareholders may well feel bewildered at the quick fire management and ownership changes of the last two years, and wonder just how it was that a quoted company passed from one group of major shareholders via another to end up in the hands of a third group. With the shares at 34p as against a high of some 190p a sense of financial loss is added to the confusion.

Over the last five years the trading record of Sumrie has been a poor one and assets sales have depleted the company's worth.

Sumrie has an overdraft of well over £500,000 with Barclays Bank in Leeds plus debts of almost £65,000 to the Inland Revenue and the DHSS. Further it owes £182,000 on "accruals."

As recently as 1983, shareholders were presented with a bid worth 85p a share. Mr Michael Harvey Ross, the controversial Leeds bullion dealer who then held some 29 per cent of Sumrie's shares joined with Mr Harold Tillman, the London suit manufacturer, to make the offer, which took their joint holdings to just over 50 per cent.

While this bid was on the table, Le Chevalerique, an Isle of Man

SUMRIE'S TRADING RECORD

	1984/5	1983/4	1982/3	1981/2	1980/1
Turnover	£2.97m	£3.25m	£2.63m	£2.76m	£3.67m
Pre-tax loss	£0.37m	£0.24m	£0.06m	£0.09m	£0.41m
Dividend	–	–	1.5p	1.5p	1.5p
Net assets p. share	31.3p	48.7p	58.8p	N.A.	N.A.

company set up in 1980, bought its first stake in the clothing company. Mr Hepker is one of the two directors of Le Chevalerique; the other director and the two shareholders live in Monte Carlo. The objectives of Le Chevalerique are: "To provide or procur the provisions by others of every and any service or need."

By February 1984, Le Chevalerique had bought 20 per cent of Sumrie and put two directors on the board – Mr Hepker and Mr Mervyn Spungin. Although this move had the backing of both Mr Rose and Mr Tillman – the extra board members would help break a deadlock which had developed with the old Sumrie directors – things did not turn out as Le Chevalerique's allies had intended.

The attraction of Sumrie to Mr Tillman was that he planned to merge his own business Lincroft Kilgour with it and thereby gain a public quotation. To Mr Ross it was a cheap stock. To Mr Hepker the objective appears to have been to get control of a publicly quoted company and use this as a vehicle for acquisitions.

Instead of backing Mr Tillman in the merger plan, Mr Hepker moved quickly to gain control. In April 1984 he became chairman, Mr Benson became acting chief executive and the old Sumrie directors lost both board and executive positions. Mr Hepker then proposed the takeover of Spatebrook, a jeans importer, which had a substantial mortgage loan from JMB.

Seeing that they were not going to be able to use Sumrie as intended, Mr Tillman and an associate resigned from the board and put their shares up for sale. Mr Ross also indicated his wish to sell all or part of his holding at about the same time.

Le Chevalerique was unable to purchase the shares on offer without taking its total holding over 30 per cent – the level at which the Takeover Code makes a full bid for the company necessary. Instead Mr Ross sold his 200,000 shares for 70p each to Anglo European Investment and Development Corporation, a Jersey company than has been linked with Mr Hepker. The 188,700 shares of Mr Tillman and asssociate were sold at £1 each to Mr Keith Humphris, a long standing friend of Mr Hepker.

As a result the present three man board of Sumrie – all of them South Africans by birth and close friends – hold only 500 shares each but are backed at shareholders meetings by proxies from Le Chevalerique (which now holds 20.6 per cent of Sumrie), Anglo European (8 per cent) and Mr Humphris (7.6 per cent). Mr Ross still holds, "regretably" he says, 8.2 per cent and is uncertain where his loyalties now lie.

The Spatebrook acquisition proposed by Mr Hepker has not been completed following an adverse accountants report on the jeans company. When the proposed deal was mentioned in the 1983-84 annual report (dated June 1984) Mr Hepker did not declare any interest in Spatebrook. Yet from December 1983 to Janurray 9 of this year he served as a director of Spatebrook. Further a financial interest through Retiro SA, a Swiss company which had a substantial stake in Spatebrook, was not declared until the directors' report in the current year, 1984-85.

Last October a further acquisition move was initiated by Mr Hepker. Both Bernard Pumphrey Group and its parent Tolledge were to be bought by Sumrie for £280,000 in shares. This deal did not go through as it was deemed "not in the interest of the company in view of its financial position." Mr Hepker was a director of Tolledge prior to April 1983.

In the end Sumrie agreed to assist another company associated with Mr Hepker, Apstyle Properties, to buy the two. Apstyle, which is reported to have paid £231,000 in cash for Pumphrey and Tolledge, was formed in March 1984 and is a subsidiary of Le Chevalerique.

When Mr Hepker tried to bring Bernard Pumphrey under the Sumrie umbrella he came very close to tieing together his involvement with the listed company and with JMB. The major part of the security covering the loan made by JMB to Ravensbury Investments is currently held by Pumphrey.

Mr Hepker denies that he owns or represents Ravensbury. Yet in early 1980 he corresponded on behalf of both Ravensbury and its subsidiary Radcliffe over a proposed supermarket site development in Barry, South Wales.

On behalf of Radcliffe, Mr Hepker proposed to buy all the shares in Provincial Property (Wales) (PPW). This company owned the vacant site on which Tesco had expressed an interest in building a supermarket. In July 1981, Mr Hepker was informed that Tesco "will not be seeking to proceed" with the supermarket scheme but nevertheless he concluded the purchase of PPW on Ravensbury's behalf.

According to Mr Hepker the development of the site was to be financed by a £1m loan which he negotiated with JMB for Ravensbury in "late 1981 or early 1982." However, the records of Pumphrey indicate that the company pledged gilts with a face value of £877,000 to JMB on behalf of Ravensbury as early as September 1981.

The site remains undeveloped and has proved an expensive investment. On top of almost £400,000 paid to its vendors in July 1981, a further £500,000 was paid to a local bank to clear the property company's overdraft.

More recently, Mr Hepker has produced and exercised an £100 option to purchase all the shares in PPW from Ravensbury. This gave him control over both the development site and a small group of residential plots – Ravensbury's only assets. This leaves the Isle of Man company with no assets and a rolled up debt of £1.5m to JMB.

Other than the property, the security for JMB's loan was some £750,000 in gilts and cash from Bernard Pumphrey. These remain pledged to JMB but in the meantime Pumphrey has been taken over by Apstyle, itself a subsidiary of Le Chevalerique.

Even if all the pledged assets are realised, JMB stands to loose between £350,000 and £450,000 on this loan.

Mr Hepker is adamant about what JMB should now do. "The bank must write formally to Ravensbury and ask for its money back." JMB had set July 19 as a deadline for Mr Hepker to agree to a repayment plan. But he was out of the country on this date and when he asked JMB on July 22 if the deal was still on the table he was told "very politely, no."

"I will help to realise those assets which are pledged and will do everything in my power to get JMB its money back," he added.

The controversial supermarket site in Barry, South Wales (left); Mr Michael Hepker

TECHNOLOGY

EDITED BY ALAN CANE

Burst of weather that airline pilots dread

Michael Donne looks at the phenomenon that may have caused last week's Dallas air disaster

EVEN IF it turns out that the Delta Air Lines' TriStar crash at Dallas/Fort Worth was not due to "windshear," the disaster has focused renewed attention on a phenomenon that has claimed nearly 30 aircraft in the U.S. alone in recent years.

Windshear is the sudden and severe downdrafts, experienced during thunderstorms, that can force aircraft to crash when they are at their most vulnerable, on the throttled back low-speed approach to landing or while taking off.

A major investigation into the causes of — and remedial action—for windshear has been under way in the U.S. for some time, primarily conducted by Boeing, the world's biggest airliner manufacturer.

The aim, according to Mr Joe Sutter, Boeing's executive vice-president, is to provide the aviation community with a comprehensive windshear protection plan as soon as possible.

"We think our programme will become the first reliable system ever developed. It will enable pilots to overcome the adverse effects of a rapid loss of aircraft speed during take-off and landing."

Familiar to airline pilots worldwide, windshear is the name given to sudden downdrafts of air, called "microbursts," accompanied by sudden changes in wind speed and direction. Often, blinding rain is also present, restricting a pilot's visibility and even creating some disorientation.

While such encounters can happen anywhere in the atmosphere, they are most dangerous to aircraft in a thunderstorm during take-off and landing, when aircraft are flying much more slowly than normal. The effect can be to thrust the aircraft violently back onto the ground, with disastrous results.

The problem has been recognised as an aviation danger for over a decade. At altitudes below 500 feet, there is little time and space in which an aircraft can recover. Case studies have shown that windshear can have a significant effect on an aircraft within seconds.

Consequently, if it occurs near the ground, and especially on the low-speed approach to landing, a pilot's response time becomes of critical importance. Some airports have elementary windshear detectors on the ground, but an effective airborne warning device has yet to be developed.

One of the most obvious ways of avoiding windshear is for pilots flying in excessively turbulent weather, with large thunderstorms about, to take avoiding action—flying away from the area, gaining height if possible, and not attempting to land until it is safer to do so. Equally, pilots could delay take-offs until the hazardous conditions have passed.

It is not always possible for these evasive actions to be taken, however, because of the speed with which windshear can develop.

The focus of the current research, therefore, is to try to consolidate the vital flight data needed to cope with unexpected windshear onto one instrument on the flight deck, called an Electronic Attitude Director Indicator (EADI).

The aim would be to give the pilot indications of what speeds he should seek in order to escape from windshear, and what aircraft attitudes he should adopt—such as climbing, or turning away.

The emphasis is, primarily, upon recognising the likelihood of windshear, and then on avoiding it.

Boeing's plan is also to develop a windshear "warning device"—an instrument that would immediately identify a likely windshear condition and prompt the crew to execute a specific recovery programme.

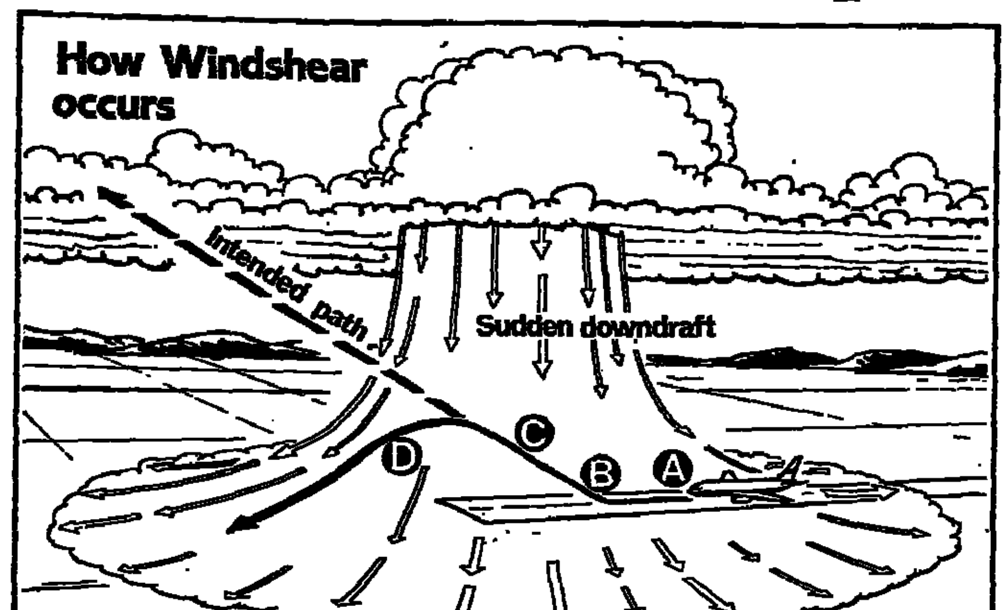
This would involve extensive education of pilots and flight deck crew into the windshear phenomenon, how it is caused, and what weather signs give warning of its imminence—such as dark, massive thunderclouds, heavy rain and associated lightning.

Existing weather radars already can give much advance warning, but they do not, as yet, also convey warnings of windshear.

Techniques of dealing with windshear when it arises could be built into existing ground flight simulators, devices on which all airline pilots are trained.

Boeing is leading the studies under the auspices of the Federal Aviation Administration, and they include other airline manufacturers, airlines, pilots' groups and other federal agencies, such as the National Aeronautics and Space Administration and the National Oceanic and Atmospheric Administration.

The complete answer to windshear is not yet available, but it is something that aircraft makers and airlines are well aware of. The TriStar accident is bound to quicken the pace of the studies, and hopefully lead to safer skies for all, whatever the weather.



A—Aircraft takes off into headwind. B—Normal lift-off from the ground. C—Aircraft loses headwind as it encounters downdraft. D—Aircraft picks up downdraft as a tailwind. Its speed decreases dramatically, and it dives downwards. In the case of an aircraft landing, the downdraft can accelerate its "sink rate" towards the runway

Doppler radar offers hope of averting future crashes

DOPPLER RADAR is potentially the most effective way of detecting windshear. It picks up reflections from falling rain, and on very low frequency bands can detect particles in the air such as insects which are stirred up by the shear. On other even lower frequencies it will pick up any discontinuity in the air mass. However, the radar must also be capable of eliminating interference from ground clutter such as reflection from buildings.

It is at present being tested by the Federal Aviation Administration at Memphis Airport. Data accumulated since 1984 indicates that 75 per cent of windshears have contained rain, while the rest have not. However, tests at Denver airport have indicated the reverse. The radar must be capable of seeing such 'clear air' phenomenon," says Mr Neil Blake, deputy associate administrator, engineering for the FAA. "It is possible to have a very severe wind shear even when no rain reaches the ground."

The FAA hopes to get finance for production of an "en route" version of doppler radar by 1987. This will be looking for severe weather other than microbursts, such as tornadoes and heavy precipitation, and will use S band transmitters for long range detection.

The development of a "terminal" version is not so far advanced. Design work is expected to start this year. It is intended to give a minute-by-minute update on microbursts such as windshear which last at the most 10 minutes. This could use either S or C band transmitters, though C band transmitters are better at detecting wet windshears. However, widescale deployment of doppler radar in America is not expected before the 1990s.

In the meantime, a more basic system has been developed. Anemometers are spaced round an airport. This low level wind shear alert system provides some degree of advance warning of the large wind velocity variations associated with some forms of wind shear. But the most dangerous of them all, the microburst, is such a localised event that it can occur and then vanish in the immediate vicinity of an airport without being recorded by any one of the anemometers.

ALISTAIR GUILD

Jane Rippeteau looks at a new electronic aid for teaching medical students

Video brings to life the study of anatomy

THE TASK of teaching anatomy to medical students will be made easier and more interesting using a recently developed inter-active video disk system.

The £20,000 system is the result of 18 months collaboration between Micro Scope and Odeon Projects and is on view at the Twelfth Anatomical Congress in London this week.

The learning pressures on medical students have never been slight, but as medicine becomes more and more specialised, the emphasis on training in anatomy has slipped, says Professor Ruth Bowden, head of the anatomy department at the Royal College of Surgeons.

"Students get less time in anatomy these days, yet it has undiminished importance," she says. Professor Bowden is a member of an editorial board of expert advisors for the joint venture, which is called the Anatomy Project.

The product combines detailed films covering training on different parts of the anatomy with the interactive capability of laser-based video disc technology, allowing users literally to design their own course and pace of study, claims John McNulty, research and development director for the project. It is aimed primarily at medical schools and teaching hospitals.

It goes deeper than any book ever could," says Mr McNulty. "You can overcome the two-dimensional. You can zoom in from normal size to magnified size so you don't lose perspective. And you can pan around."

Another important feature is a so-called video paint box which makes it possible to highlight, for instance a piece of tissue, to differentiate it from another type very similar in appearance. Also, the progression of a disease could be shown by use of colour changes provided by the electronic paint box.

Backers of the system characterise it as a powerful supplement to conventional training in anatomy. But Professor Bowden warns that despite her enthusiasm, the product can "never, never, never replace hands on experience. You cannot accelerate proper learning," she stresses. "This is a marvellous aid, and it is far better than just reading a flat book. But it won't replace hands on."

Professor Bowden expects the system's most important uses will be for revision of previously studied subjects in anatomy and for use in off hours when dissection laboratories are closed. Further, the system could be of excellent service in poor countries "where you might have 800 students and 20 bodies to study."

Interactive video disk systems are now used in numerous industrial and training applications worldwide. Micro Scope and Odeon believe their medical application is the first of its sort.

The complete system consists of a laser video disk machine built by Pioneer of Japan, a keyboard for interaction, a video screen, and about 50 program video disks, all set into a trolley.

The first systems made are to have an initial disk on the anatomy of the eye. The company expects it will take about two years to complete the entire set of 20 disks planned. The next disk in development studies the head.

The technology of the laser-based system allows a user to branch off from various choices presented by software programming. For instance, for the anatomy scheme, its developers say that a user will be able to choose various levels of study depending on their own experienec and needs. Similarly, choices will be available on specific interest areas within a general subject so that a user could skip quickly over areas that were already familiar or were uninteresting.

Professor Bowden hopes the system holds a hidden boon. To some students, she admits, "anatomy is ghastly dull." The high-tech study aid, with its colour, motion pictures and controllability, could prove intriguing. It should, she concludes, "help to motivate."

Hunt for water from space . . .

PICTURES of Africa taken from a space shuttle with a high-accuracy camera could help famine victims by identifying water sources, according to space engineers.

Officials at the National Aeronautics and Space Administrations may bring forward a flight aboard one of the three-vehicle shuttle fleet of an instrument called a large-format camera.

The camera, flown on an earlier shuttle mission last October, obtained high-resolution pictures each covering 25,000 square miles of the Earth's surface.

Three companies—Litton Itek, which built the camera, and New TransCentury and BCI Geonetics, which are development specialists—have asked Nasa to bring forward the next flight of the instrument from October 1986 to later this year.

With the information from the camera, scientists may be able to locate likely sites for wells as well as identify routes for relief efforts and estimate the size of refugee camps.

. . . and on the ground

FUGRO, a London company of consulting engineers, is to build a special laboratory to sample soils that will help in development efforts in Kuwait.

The laboratory, which will contain a range of hardware to analyse soil for, say, water content or traces of minerals, will be based mainly at an office in Ahmadi run by the Kuwait Commercial Agency.

Fugro workers will transport the laboratory to other parts of the country for testing soils at specific locations.

EDITED BY CHRISTOPHER LORENZ

Fram Europe

Revitalising a strategy

BY ROBIN REEVES IN CARDIFF AND ALAN FRIEDMAN IN MILAN

IT IS just over 18 months since Fram Europe, the Llantrisant, South Wales-based subsidiary of the U.S. Fram Corporation, was taken over by Fiaam of Italy in a move to create Europe's second largest automotive filter manufacturing group (after Mann and Hummell of West Germany).

But under a new management team, led by Rafael Martinez, Fram's Spanish-born managing director who has widespread manufacturing experience in Europe and the U.S., and with the enthusiastic backing of the workforce, the Welsh plant has already staged a sharp turnround from losses of £1.5m at the time of the takeover to break even last year — no mean feat in an industry suffering serious overcapacity and depressed price levels Europe-wide.

The new Fram/Fiaam group has brought together five filter manufacturing plants in Europe. Three are in Italy, one in Spain, and Fram Europe in the UK where it reckons to be market leader producing some 12m filters a year. Of these, about half go into new vehicles (the orginal equipment market) and half are sold under the company's own label in the "after sales" market.

Prior to the takeover, Llantrisant's management had wrestled with the impact of the recession by introducing a series of redundancies which cut the workforce at the Welsh plant from some 800 in the late 1970s to little more than 300, and by extensive special price deals aimed at holding the company's market share. But this heavy discounting proved to be its undoing. When an upsurge in sales occurred in 1983, prices were not adjusted fast enough, causing the business to plunge heavily into the red.

Martinez says that almost his first task was to get rid of 700 different price lists for the plant's 2,000 customers and replace them with a more rational price structure.

The image of the company had also to be repaired. To this end, engineers were dispatched from the plant to talk to the company's original equipment customers—which include Ford, BL, Perkins and Rolls-Royce—about product improvements. Regular customer visits to the plant were also introduced to explain Fram's recovery strategy and technical innovations, and space booked at every motor show in Europe to raise the company's profile.

On the marketing and service side, Martinez instituted a drive to improve deliveries which has now resulted in maximum delay of seven days in fulfilling orders. At the same time, the personnel at Fram's six depots around the UK were put through special training courses both to improve customer relations and credit control; incentives are now geared to invoices paid as well as sales achieved. The after-sales department was also reorganised and expanded and direct computer links established between the depots and Llantrisant.

But the biggest changes have been on the manufacturing side. Martinez says that Llantrisant was basically a sound plant but was suffering from a lack of investment in modern equipment and too great a diversity of different filters. This meant that there were too many short runs on the assembly lines and frequent, unproductive "downtimes."

The great value of the link up with Fiaam and creation of a Europe-wide group has been to open the way for a major manufacturing rationalisation exercise. Standardisation of a comprehensive product range across the whole group cannot be achieved overnight. At present, the group is concentrating on aligning the specification of the range of filters produced at each plant. But it is a prerequisite for Llantrisant establishing minimum production runs of 10,000 filters a year of a particular specification, the direction in which Martinez is aiming.

Modernisation of production facilities has necessarily involved investment. Last year, approaching £800,000 was spent on re-equipping assembly lines with more automated presses and tooling and these have already raised productivity sharply. Whereas a year ago, output per man was averaging 35 pieces an hour, it is now up to 51 pieces per hour.

This year, the company is committed to investing a further £½m. First priority, says Martinez, is improvement in working conditions to reduce the amount of noise and smoke. "The more comfort we can provide the better, from the point of view of quality control," he says. Second is investment in updating the plant's research and development capability to develop a new range of oil and air filters for heavy duty vehicles, a sector of the market Fram has, until now left to others.

This commitment to expansion reflects the satisfaction of the group's main board with what they recently described as the "tremendous progress made at Llantrisant." Roberto Colonino, Fram/Fiaam's president, claims that the plant is now on the way to becoming stronger than any of its UK competitors.

Martinez is also delighted. "Before I came to the UK, I heard a lot about strikes and union difficulties. But I have found the whole workforce very reasonable. They have been aware of the need to embrace change and adopt new methods in order to secure the future."

He is now looking into the possibilities of spreading the benefits of Fram's recovery to the local economy, by examining the plant's purchases, particularly from abroad, to see if they can be switched to local suppliers. As he points out, local workshops supplying larger manufacturing plants with their requirements are a key feature of the Italian industrial economy.

THE Wales-based Fram Europe is now part of a much larger Europe-wide automotive filter group which is controlled by a company belonging to Carlo de Benedetti, the Italian financier who is chairman of Olivetti.

In the past two years de Benedetti's CIR holding company, which also has stakes in Olivetti, Italian publishing and banking and which controls the Buitoni foods group, has worked hard to bolster the activities of Fiaam, the Mantua-based automotive filter company which now controls Fram.

Fiaam, which last year had total sales of L82.5bn (£31m), was founded in 1956 and sold in 1978 to Britain's Turner and Newell group. Three years later, in 1981, T and N decided to accept an offer from de Benedetti's CIR, which took control of Fiaam. But the ownership of Fiaam, which sells its filters in Italy via 50 main distributers and 2,000 garages, was destined to change a third time.

In 1983 Roberto Colonino, managing director of Fiaam, started talks with Bendix Corporation of America, which was then the owner of Fram, the Providence, Rhode Island-based company. At the end of 1983 Bendix was taken over by Allied Corporation, but the deal which Colonino had struck went ahead just the same.

The deal was a merger of Fram's European companies in the UK, the Netherlands, Sweden and Spain with Fiaam's Italian companies. It came into effect in January 1984 with CIR indirectly controlling 60 per cent of the new and enlarged Fiaam group and Allied Corporation with the remaining 40 per cent.

Before the merger, in 1983, Fiaam had made a L1bn (£377,000) net profit on L35bn (££13.2m) of turnover. Fiaam at the time employed 540 workers and had its manufacturing and marketing concentrated at Mantua, with a subsidiary in the Veneto region.

The Fram network, which consists of production and marketing in Wales and Spain, and marketing only in the Netherlands and Sweden, had 1983 sales of around £17m, according to Colonino. Before the merger Fram had roughly 600 employees.

Following the merger around 300 employees were made redundant so that the new group now employs 870. The combined group profit last year was a net L4.25bn (£1.6m), with Fram in Wales breaking even and profits coming from Fiaam (Italy) and Fram in the Netherlands, Sweden and Spain.

Colonino says the UK operation should earn a £250,000 pre-tax profit in 1985 and "is set to improve." He says the Fiaam group strategy is "to consolidate the Fiaam brand name in Europe and in particular to enter the West German market, where our presence is negligible."

Roger Taylor

Rafael Martinez: found the workforce very reasonable

Venture capital

A product of partnership

BY JANE RIPPETEAU

PILKINGTON BROTHERS, Britain's biggest glassmaker, is adding an important dimension to its venture capital activities with its recent investment in a small company developing discs for Winchester computer disc drives. Its funding for Datamagnetics, in Clywd, North Wales, is tied to a specific product goal related directly to its own glass technology.

In making this investment, Pilkington joins a tiny but growing group of large companies engaging in joint product development relationships with small companies in an effort to diversify beyond their basic businesses into growth markets. The nature of the investments contrasts sharply with outright acquisition, which recent history has shown to be a generally unsuccessful way to mate large companies with promising start-ups.

And it goes beyond general venture capital financing which is not usually tied to a particular product effort. Pilkington has been active in venture capital for about five years, placing some £3.5m of its own and others' money in 10 small companies through a fund in which it is the main shareholder.

The idea is to create the best of both worlds. In theory, the small company gets money, some technology and marketing clout; the big company taps into advanced technology in a growth market, but without involving itself in management and thereby risking an upset in the entrepreneurial environment that fuels innovation in start-up companies.

Says Peter Shepherdson, general manager for new opportunities at Pilkington: "We work with the entrepreneur to provide technology and financing, but while retaining the spirit and market knowledge of the entrepreneur."

The Datamagnetics investment involves development of a computer disc made of glass or a glass ceramic as a replacement for aluminium. Shepherdson says the company is considering several other targeted investments.

The trend is already under way in the U.S. There, among corporations making venture capital investments, a growing number are tying their dollars to particular product development or marketing goals. Venture Economics, a Massachusetts firm that tracks the venture capital business, logged over 200 such deals by established companies last year, up from 30 in 1980.

Using the cumbersome label of "direct strategic co-investments," Mark L. Radtke, vice-president of Venture Economics, defines the deals as those in which a corporation joins a later round of venture funding (after a venture capital firm has taken the riskiest first or second rounds) and does it for a specific product reason that is related, strategically, to the company's overall business.

In some cases a company might see a way to commercialise a technology that has been languishing in-house, or to leapfrog a development hurdle that some start-up has already solved. Alan Duncan, business development manager at Ferranti in London, recalls the thinking behind the investment in the artificial intelligence software house Inference Corporation in Los Angeles.

Intelligence

"We invested in the company at a time when we were becoming involved in expert systems (artificial intelligence built up from detailed knowledge of a subject), and we hadn't really developed any expert system software," says Duncan. "We knew this deal would put us in a very good position to do these systems in-house, and perhaps offer them outside and establish a new business."

In this case, the leapfrogging worked, he says. Ferranti is now using Inference's ART software, and has been marketing it in Europe for six months. The investment was one of five so far made through Ferranti's venture capital arm Ferranti High Technology in New York.

ICI's agricultural division had a slightly different reason for helping set up Marlboro Biopolymers. ICI had developed a biodegradable plastic material, but had yet to pinpoint commercial applications for it. The material is expensive, but has the special property of biodegrading when in contact with certain bacteria. It might, for instance, be suitable for internal sutures that would dissolve harmlessly. For identifying applications, ICI turned to the small company format.

"We are pushing out technology which we've developed internally, but which requires help or partnership in exploiting," says David Fyfe, manager of planning and co-ordination in the agricultural division. "We want to harness the small company drive and get the technology clear of a large division, clear from the relatively mature businesses and managers that may be very good at running them but not of running small, fast-moving ones."

These types of investment are still extremely rare among UK companies, according to those familiar with venture investing. "It really hasn't caught on over here anything like it has in the U.S.," says venture capitalist David Leathers, director of N. M. Rothschild Asset Management. One problem, he notes, is a more entrenched resistance to acknowledging other people's accomplishments. "There is much more of the NIH (not invented here) syndrome over here," adds Leathers. Fyfe of ICI concurs: "U.S. corporations are certainly ahead of UK corporations in looking at innovative ways of developing new products."

Strategic investments, of course, are not a panacea for slow-growth businesses, and it is not an easy matter to find winning combinations. Some may flop outright. Pilkingtons says that five of its 10 investments so far have not worked out, and at least one — HEME International, a maker of measuring equipment associated with voltage actions in magnetic fields—soaked up more funding than Pilkington had planned for.

But clearly, the handful of British companies attempting to establish these investments feel the effort is essential. "We've got to grow," says Shepherdson of Pilkington, which has had to cut staff sharply because of slack sales growth in its backbone float glass business. "We cannot remain dependent on such a heavy proportion of business in safety glass." Venture investing, he says, is one tactic for finding "opportunities that could become major business contributors by the end of the century." It is a way, practitioners believe, of getting the product diversification they desperately need for future growth.

WORLD CAR MARKETS

UNITED STATES

	January-June 1984	%	1985	%
Domestic	4,246,243	77.51	4,314,667	76.61
Imports	1,231,655	22.49	1,316,959	23.39
Total market	5,477,988	100	5,631,626	100
DOMESTIC				
General Motors	2,518,156	45.96	2,436,247	43.26
Ford	1,009,186	18.42	1,081,872	19.21
Chrysler	513,174	9.37	603,818	10.72
Honda	65,670	1.20	83,051	1.47
American Motors	96,256	1.76	62,430	1.10
Volkswagen	43,901	0.80	39,962	0.71
Nissan	—	—	7,287	0.13
LEADING IMPORTERS				
Toyota	269,458	4.92	283,932	5.04
Nissan	244,245	4.46	251,293	4.46
Honda	195,873	3.57	202,849	3.60
Volkswagen-Audi	99,344	1.81	105,104	1.87
Mazda	82,030	1.49	86,350	1.53
Subaru	78,550	1.43	78,499	1.39
Mitsubishi	59,312	1.08	62,297	1.10
Volvo	57,014	1.04	57,580	1.02
Mercedes	40,526	0.74	43,899	0.78
BMW	36,945	0.67	42,351	0.75

UK

	January-June 1984	%	1985	%
Domestic	416,437	44.12	389,539	41.28
Imports	527,431	55.88	554,097	58.72
Total market	943,868	100	943,636	100
DOMESTIC				
Ford	270,332	28.64	246,973	26.17
BL	168,828	17.89	170,262	18.04
General Motors (Vauxhall/Opel)	166,251	17.61	163,154	17.29
Peugeot group:				
Peugeot Talbot	37,253	3.95	39,664	4.20
Citroen	14,647	1.55	13,519	1.43
Total Peugeot group	51,900	5.50	53,183	5.63
Jaguar/Daimler	3,922	0.42	4,161	0.44
LEADING IMPORTERS				
Volkswagen/Audi	54,301	5.75	57,439	6.09
Nissan	45,539	4.82	46,368	4.91
Renault	30,943	3.28	39,420	4.18
Volvo	30,780	3.26	31,683	3.36
Fiat Auto	25,123	2.66	29,219	3.10

ITALY

	January-June 1984	%	1985	%
Domestic	605,401	64.3	599,487	60.3
Imports	336,413	35.7	395,205	39.7
Total market	941,814	100	994,692	100
DOMESTIC				
Fiat	n/a		429,718	43.2
Lancia	n/a		92,432	9.3
Total Fiat group	519,594	55.2	522,141	52.5
Alfa Romeo	71,453	7.6	64,828	6.5
Innocenti	10,661	1.1	8,637	0.9
LEADING IMPORTERS				
Renault	84,613	8.9	104,425	10.5
Peugeot/Talbot	28,545	3.1	31,227	3.1
Citroen	35,766	3.8	38,442	3.9
Total Peugeot group	64,311	6.9	69,669	7.0
VW/Audi/Porsche	47,946	5.1	78,285	7.9
Ford	40,714	4.3	41,002	4.1
General Motors/Opel	31,416	3.3	29,630	3.0
SEAT	14,441	1.5	19,737	2.0

WEST GERMANY

	January-June 1984	%	1985	%
Domestic	953,992	69.9	874,692	69.6
Imports	410,052	30.1	382,005	30.4
Total market	1,364,044	100	1,256,697	100
DOMESTIC				
Volkswagen	296,309	21.7	289,300	23.0
Audi	82,181	6.0	73,580	5.9
Total VW-Audi	378,490	27.7	362,880	28.9
General Motors-Opel	238,059	17.4	198,641	15.8
Daimler-Bz. (Mercedes)	118,645	8.7	140,625	11.2
Ford	168,549	12.3	124,719	9.9
BMW	89,506	6.6	78,093	6.2
Porsche	n/a		6,716	0.5
LEADING IMPORTERS				
Fiat	62,952	4.6	56,071	4.5
Peugeot	26,317	1.9	28,013	2.2
Talbot	7,746	0.6	2,304	0.2
Citroen	23,242	1.7	20,591	1.6
Total Peugeot group	57,305	4.2	50,908	4.0
Renault	48,888	3.6	43,103	3.4
Mazda	37,729	2.8	36,239	2.9
Nissan	33,644	2.5	32,850	2.6
Toyota	28,596	2.1	32,120	2.6

Japan sells more than a million in U.S. in half-year

By Kenneth Gooding, Motor Industry Correspondent

JAPANESE car producers took most of what little growth there was in the world's major markets in the first half of 1985. While new car registrations in Japan slipped only slightly, the Japanese stepped up their exports to the U.S. and Western Europe.

In the U.S. just over 1m Japanese cars were sold in the January-June period compared with 934,500 in the same months last year. That was an 8.25 per cent rise at a time when the total market was edging ahead by less than 3 per cent.

The Western European car markets remained at almost exactly the same level as in the first half of 1984 but the Japanese increased their penetration from 9.9 to 10.4 per cent and their car sales from 561,000 to 592,000.

Among the Japanese manufacturers, Honda is making the most headway.

In the first half it passed an important landmark: Honda became the top-selling Japanese marque in the U.S. with sales of 285,900 cars when imports and local production are combined.

It overtook Toyota, which relies solely on imports for car sales in America at the moment, having left Nissan behind last year.

Honda is proving that sales of imported cars do not necessarily have to suffer when a car maker starts substantial assembly in the U.S. Sales of the cars it imported from Japan rose by 3.56 per cent, outpacing the general market improvement, even though there was a 26 per cent rise in deliveries of models built at Honda's U.S. plant in Ohio.

Honda is now selling twice as many cars in America as in Japan. But that is not to say it is doing badly in its domestic market.

Only two domestic manufacturers improved their market share in Japan in the first half of 1985 and one of these was Honda. By following the Civic and Accord with another successful model, the Integra, Honda has firmly relegated Mazda to fourth place in the Japanese car sales table.

Toyota, Japan's largest vehicle producer, was the other company which showed market-share gains in the first half of this year. It continued to widen the gap between itself and Nissan in second place.

Nissan's efforts to regain lost ground are causing a ferocious price war in Japan and a hectic rush to introduce new models: Nissan has seven or eight scheduled to appear this year.

A price war continues to rage in Western Europe, too. Even Italy, where in the past Fiat's dominating leadership of the market and the almost total exclusion of Japanese competition has enabled the car makers to earn reasonable margins of profit, was affected in the first half of this year. (Japanese car imports to Italy are held at no more than 2,500 a year by an agreement which pre-dates the European Community's Treaty of Rome.)

Renault, determined to do well in Italy with its new R5, the "SuperCinq," launched a version which undercut the price of Fiat's best-selling Uno by 15 per cent. The Italian group retaliated but not before it had lost some market share.

This provided one more example of how the European manufacturers fight fiercely among themselves—and, because there are more of them than in the U.S. or Japan, the damage is greater.

Only 2.1 percentage points separated the top six West European producers at the end of the first six months of 1985 but the positions in the league table had changed. Volkswagen-Audi moved into the lead at 12.9 per cent (11.9 per cent in the first half of 1984). Fiat remained in second place with 12.8 per cent (13.2 per cent) but last year's champion, Ford, dropped to third position with 11.7 per cent (12.9 per cent).

Total sales in the 17 West European markets in the half-year were a same-again 5.678m of which General Motors, the Opel-Vauxhall group, took 11.6 per cent (11.7 per cent), the Peugeot-Citroen-Talbot combine 11.5 per cent (11.2 per cent) and Renault—the leader of the pack in 1983—trailed with 10.8 per cent (10.6 per cent).

VW-Audi's advance is even more spectacular in view of the extreme depression in its domestic market during the half-year. Continuing uncertainties about what the government and the European Commission would do about proposed car exhaust emission standards held back demand in West Germany, Europe's largest vehicle market.

The 8 per cent drop in car registrations in Germany in the first half compared with the same months of 1984 is even worse than it appears at first sight. The period last year included a seven-week strike which cut production—and sales—in Germany substantially.

In the first half of 1983 some 1.408m cars were registered in Germany, 10.7 per cent—or 151,405 units—more than in January-June this year.

VW's new Golf has been mainly responsible for the company's jump to the top of the West European league table and its improved position as the leading producer in Germany.

New products also created a spectacular gain in Germany for Daimler-Benz. Its Mercedes 190, the so-called "small" Mercedes, and a new mid-sized range, brought in the customers at a time when other manufacturers were feeling the effects of the environmental debate which encouraged people to hang on to their old cars.

In France the battle has been between Peugeot's new 205 "supermini" and the new Renault R5. Renault introduced five-door versions of the R5 only in the second half—and France is a five-door market where the R5 size of car is concerned.

Among the importers to France—another market protected from the Japanese, this time by an unofficial arrangement which limits their penetration of total new car sales to no more than 3 per cent—VW made progress because of the new Golf while General Motors brushed aside Fiat to take third place. GM benefited from its new Opel Kadett whereas Fiat's Uno has now been on the market since early 1983.

In the UK the same GM model is called the Vauxhall Astra. It did not make the impact that was expected in the first half in Britain because output from the highly-automated equipment at Vauxhall's Ellesmere Port factory on Merseyside took longer to build up than the company had hoped.

Car sales in the UK remained near record levels but imports continued to take much more of the available business than in any other major industrialised country with its own vehicle manufacturers.

In contrast, the lack of imports in Japan is a cause for concern among the Western producers and embarrassing for the Japanese who have removed all formal tariff barriers and taken other measures to improve the importers' lot.

Imports, which in total represent about two days' output from one Japanese factory, did increase slightly in the half-year, mainly because of the efforts of the West German companies.

The U.S. was still setting the pace in new car sales and first half sales were the highest since the 4.446m in 1979. But there is some concern about the possibility of the market going into decline in the second six months.

Among the "big three" in the States, General Motors (using the Buick, Cadillac, Chevrolet, Oldsmobile and Pontiac badges) gave up market share to Ford and Chrysler in the first half.

Import penetration of the U.S. market seems unlikely to diminish because the quota which restricted Japanese car shipments to 1.85m in the year to the end of March has been replaced by an unofficial agreement among the Japanese that there can be a 24 per cent increase in the current financial year to 2.3m.

At the same time, demand for high-priced luxury car imports from Europe continues to grow. In the first half of 1985 BMW, Daimler-Benz, Jaguar, Saab and Volvo all chalked up record sales.

Volkswagen brought the new Golf into production at its Westmoreland plant in Pennsylvania last autumn but output was bedevilled by component shortages during the first half of this year.

Even when the problems are ironed out, it seems likely that VW will be overtaken quickly by the latest arrival on the U.S. car production scene, Nissan, which rolled out its first car—a Sentra—at Smyrna, Tennessee on March 26. Nissan hopes to lift output to 4,000 to 5,000 cars a month

Mazda, Mitsubishi and Toyota all intend to follow Honda and Nissan into the U.S. as "domestic" producers. It seems that it will not be too long before the Japanese are assembling over 1m cars a year in the U.S.

JAPAN

	January-June 1984	%	1985	%
Domestic	1,570,241	98.72	1,547,227	98.46
Imports	20,263	1.28	24,224	1.54
Total market	1,590,504	100	1,571,451	100
DOMESTIC				
Toyota	648,289	40.76	675,808	43.00
Nissan	416,843	26.2	397,472	25.29
Honda	126,420	7.95	139,796	8.89
Mazda	111,951	7.0	95,474	6.07
Mitsubishi	103,435	6.5	88,284	5.6
Daihatsu	58,638	3.69	52,631	3.35
Fuji (Subaru)	41,615	2.61	39,225	2.49
Suzuki	40,364	2.54	38,187	2.43
Isuzu	22,686	1.43	20,350	1.29
LEADING IMPORTERS				
Volkswagen/Audi	7,243	0.45	8,988	0.57
BMW	4,178	0.26	5,558	0.35
Daimler-Bz. (Mercedes)	n/a		4,796	0.30

FRANCE

	January-June 1984	%	1985	%
Domestic	587,583	65.07	585,388	65.26
Imports	315,460	34.93	311,611	34.74
Total market	903,043	100	896,999	100
DOMESTIC:				
Peugeot group:				
Peugeot	156,278	17.30	183,795	20.49
Talbot	25,130	2.78	15,690	1.75
Citroen	118,619	13.13	117,199	13.06
Total Peugeot group	300,027	33.21	316,684	35.30
Renault	287,544	31.84	268,689	29.95
LEADING IMPORTERS				
Ford	71,613	7.9	69,454	7.7
Volkswagen/Audi	50,807	5.6	56,531	6.3
General Motors-Opel	37,477	4.2	43,157	4.8
Fiat Auto	49,343	5.5	41,343	4.6

THE ARTS

Arts Week

F	S	Su	M	Tu	W	Th
9	10	11	12	13	14	15

Exhibitions

PARIS

Renoir: An important exhibition of the most sensuous of the impressionist painters, who never tired of glorifying the nude feminine body capturing the light, comes to Paris from the Hayward Gallery, London. It consists of some 125 paintings and 50 drawings, including Le Bal du Moulin de la Galette and La Danse à Bougival. Grand Palais, Closed Tue. Ends Sept 2 (261 5410)

Perfume: An enchanting exhibition in praise of perfume assembles 550 objects, mostly phials, bottles and perfume fountains from the 16th to the 19th century. Some were made of Viennese porcelain, others of Bohemian cut glass or from gold and enamel in England. There are silver pomanders with petals opening up and Chelsea china statuettes. They all show exquisite workmanship and some of perfume's power to beguile. Le Louvre des Antiquaires, 2 Place Palais Royal. Ends Sept 15.

LONDON

The Tate Gallery: Francis Bacon, Britain's greatest living painter accorded the rare distinction at the age of 76 of a second full retrospective exhibition at the Tate, 20 years after his reputation as an artist of world standing was first put beyond all doubt. Now we see him no longer as a unique and extraordinary figurative, surrealist expressionist, but as an artist who has come at last into his own, as younger painters have come round again to the human figure as the central, creative preoccupation. As the subject matter is now more acceptable, so his peculiar and tormented re-invention and reconstitution of the figure no longer shocks. Ends Aug 18.

NETHERLANDS

Amsterdam, Film Museum (Vondel Park 3). The French cinema month. This week films by Chabrol, Kast, Foyder, Tarride, Choux (Fri, Mon to Thur, all matinee). (83 16 46).

SPAIN

Santander, Santillana del Mar. The splendour of pre-Colombian culture. Gold exhibits from the Quimbaya Treasure. Fundacion Santillana, Torre de don Borja. Ends Aug 30.

SWITZERLAND

Martigny: Fondation Pierre Gianadda: 250 Klee paintings in the striking modern gallery built over the Roman ruins of the city of Octodurus. Ends Nov 3. (026/2 39 78).

VIENNA

Vienna 1870–1930: Dream and Reality: The greatest names of the Viennese fin-de-siècle – Klimt, Otto Wagner, Schiele, Kokoshka, Aldolf Loos, Josef Hoffman – in a dazzling display of Jugendstil creative genius. The attempt to integrate the artistic achievements of this era with philosophical developments (notably Wittgenstein but also Freud) and political transformations (the emergence of municipal socialism on the ruins of Baroque splendour) is ambitious and only partly successful. The complex tension between autocratic and censored reality on the one hand and the illusions or fantasies of individual artists on the other is hinted at but not fully explored. A high point of the show is a reconstruction of Hoffman's room at the secession exhibition of 1902. Here, triumphantly restored, is Klimt's fifty-foot Beethoven frieze depicting humanity's progress through suffering to joy on the theme of the Ninth Symphony. Displayed exactly as intended, this alone is worth a special visit. Kunstlerhaus. Ends October 6.

BRUSSELS

Opera costumes from 1959 to the present including Zeffirelli's Rigoletto, Bosquet's Traviata and Karl Ernst Herreman's Clemency of Titus. Musée de Costumes et Dentelle. Until November.

WEST GERMANY

Munich, Staatsgalerie moderner Kunst, Prinzregentenstr. 1: German Art since 1960, 200 paintings, prints and drawings by 13 artists from the private collection of the German Prince Franz of Bavaria. Among them: Beuys, Richter and Kiefer. Ends Sept 15.

Hildesheim, Römer und Pelizaeus-Museum, Am Steine 1–2: Nofret, the exhibition covering Women in Egypt. For its last stop in Germany, the exhibition will carry 177 pieces, an extra 96. Some 30 objects are on loan from the Egyptian Museum in East Berlin. It is the biggest assembly of Pharoan Art. Ends Nov.

Berlin, Nationalgalerie, Potsdamer Straße 50: New acquisitions '75-'85, offer 500 works from between 1820 to 1985. Some 300 important artists participate. Ends Aug 25.

Aachen, Suermondt-Ludwig-Museum, Wilhelmstr. 18: 100 drawings, watercolours and plastics from Joseph Beuys, covering the fifties and sixties. Ends Sept 29.

Essen, Villa Huegel, Auf dem Huegel: Turkish culture and art from the Osman Empire. 500 works ranging from the 15th-19th centuries. The show includes glass, carpets, ceramics, miniatures and weapons. Ends Oct 10.

ITALY

Florence: Museo Archeologico (Piazza SS. Annunziata) – The Etruscan Civilization: This is the first of a long series of exhibitions to mark The Year of the Etruscans, and shows the results of the most recent research into the Etruscan world. A useful history of this civilization's birth, development and decline. Ends Oct 20.

Florence: Palazzo Pitti (Sala Bianca): Modern masters from the Thyssen-Bornemisza collection: The pleasure to be had from this remarkable exhibition is that it reflects the taste and prejudices of one individual: one of the few left who can afford Corot, Manet, Gauguin, Picasso – and who is generous enough to send them to be exhibited in France, England, the U.S., Australia, Japan, and now Italy. This same collection, with a few exceptions, was seen at the Royal Academy in London last autumn. Ends Sept 29.

Rome: Lalazzo Venezia (Piazza Venezia 3): Paesaggio Con Nigura – 57 works from the Borghese collection. The Villa Borghese, which houses one of the best patrician art collections in Rome, is likely to be closed for repairs for at least another year and some of the gems from the collection have been transferred to this site for the summer. Includes works by Titian, Veronese, Domenichino, Caravaggio and Dosso Dossi. Ends Sept 30.

NEW YORK

Metropolitan Museum: 30 objects from the period between the 1851 Crystal Palace Exhibition to the 1900 World Fair in Paris demonstrate the show's theme of Revivals and Explorations in European decorative arts. Ends Sept 5.

Asia Society: Japanese art of the supernatural, featuring ghosts and demons that turn themselves into humorous creatures to harass guilty and innocent, are illustrated in prints screens, small sculptures, paintings and netsukes from the 17th to 19th centuries. Ends Sept 1.

WASHINGTON

National Gallery (West Bldg): 36 old master paintings from the Dulwich Picture Gallery are exhibited under the title Collection for a King, including works by Rembrandt, Van Dyck, Canaletto and Gainsborough. Ends Sept 2.

CHICAGO

Art Institute: Though Edouard Manet made etchings primarily to reproduce and publicize his paintings, he developed a unique style as shown in the 27 etchings in this special exhibit of more than a third of his total output of 75 etchings. Ends Sept 2.

TOKYO

Qing Dynasty Treasures from the Forbidden City, Peking. An important exhibition of 273 pieces showing the opulence and craftsmanship of the Qing Dynasty (1644-1912). Costumes, ornaments, ceramics, paintings plus imperial banquet room-setting, all magnificently displayed in Tokyo's best department store art museum. Seibu Department Store, Ikebukuro Branch. Ends Aug 26, closed Thursdays.

Masterpieces from Idemitsu Art Gallery: From one of Tokyo's finest private museums belonging to Sazo Idemitsu, the best from an outstanding collection of Oriental ceramics, crafts and paintings. Idemitsu Art Museum, 9th floor of Kokusai Bld, Hibiya. With magnificient views overlooking Tokyo's tranquil central (moat and green around Imperial Palace) plus Japanese tea-room. Ends Sept 1, closed Mondays.

Modigliani: 130 works in oils, watercolours, and sculptures. National Museum of Modern Art, Kitanomaru Park (near Palace and Imperial Hotels and parts of Tokyo's oasis near the Imperial Palace). Ends Sept 29.

Opera and Ballet

WEST GERMANY

Bayreuth's annual Wagner Festival until August 28. Peter Hall's ring directed by Peter Schneider, which made for controversy last year, will see its second full cycle this week. Siegfried Jerusalem, Manfred Jung, Siegmund Nimsgern, Hildegard Behrens, Hanna Schwarz, Jeannie Altmeyer are the most prominent Ring singers. Also the new production of Tannhaeuser, by Wolfgang Wagner with Guiseppe Sinopoli conducting and Richard Versalle and Cheryl Studer.

ITALY

Rome: Terme di Caracalla (Rome Opera Summer Season): Nabucco in Wolfram Kremer's production conducted by Romano Gandolfi with Silvano Carroli as Nabucco and Dunja Vejzovic as Abigaille; Turandot conducted by Daniel Oren with scenery and costumes by Silvano Bussetti based on the original designs for the opera's first performance at the Scala in 1926. Gwyneth Jones and Galina Savova alternating in the title role, and Diana Soviero and Miwako Matsumoto in that of Liu (46 17 55).

Verona: Arena di Verona: Attila conducted by Nello Santi; Aida in a recreation of the 1913 production by Gianfranco de Bosio, conducted by Daniel Oren. (23 520).

NETHERLANDS

Scheveningen, Circus Theatre. Strauss's Der Zigeunerbaron, with an international cast headed by Ivan Rebroff and the Polish Radio Symphony Orchestra conducted by Tibor Pusztai (Mon, Tue). (55 88 00).

PARIS

Birds' Folly: Contemporary choreography by Michel Caserta, music by Klaus Schulze and Rag Time. Espace Ronsard, 2 Rue Ronsard (264 3131).

SPAIN

Santander, Plaza Portificada. Mezzosoprano Elena Obraztsova, pianist Vozha Chachava: Tchaikovsky and Rachmaninoff (Wed). (21 05 08).

LONDON

Royal Festival Ballet brings back its beautiful staging of La Sylphide on Monday at the Royal Festival Hall (928 3191).

NEW YORK

New York City Opera (NY State): Norma, the season's first new production, opens this week, directed by Andrei Serban and conducted by Richard Bonynge, with Olivia Stapp in the title role and Robert Grayson as Pollione. I Puritani returns to the repertory, last seen in 1982, with Faye Robinson singing Elvira, conducted by Edoardo Müller. The week also includes The Mikado, La Cenerentola and Carmen. Lincoln Ceter (870 5580).

Music

LONDON

BBC Symphony Orchestra, conducted by Mark Elder, with Nigel Kennedy, violin. Haydn, Tchaikovsky, Rachmaninov. Royal Albert Hall (Mon). (589 8212).

London Mozart Players, conducted by Jane Glover, with Yvonne Kenny, soprano. Schubert, Mozart, Barber. Royal Albert Hall (Tue).

London Philharmonic Orchestra and Glyndebourne Chorus, conducted by Bernard Haitink. Carmen in semi-staged version. Royal Albert Hall (Thur).

PARIS

La Grande Ecurie et Chambre du Roy, BWV choir, conducted by Christopher Hogwood: Bach (Mon 8.30pm). Saint-Severin Church.

Jean Guillou, organ recital: Bach (Wed 8.30pm). Saint-Germain-des-Pres Church.

All these concerts are part of the 20th Festival Estival de Paris (354 8496, 562 4080), 11am-7pm, except Sundays.

NETHERLANDS

Amsterdam, Nieuwe Kerk (Dam Square): organ recital by Albert Moerman. Frescobaldi, Froberger, Buxtehude, Bach. (Thur).

SPAIN

Barcelona, Jardins de l'Hospital 56. Franz Schubert quartet. Mozart, Berg and Schubert (Tue). (301 6100).

NEW YORK

Mostly Mozart Festival (Avery Fisher): Mozart Festival Orchestra conducted by Peter Maag with Emanuel Ax, piano and Nadja Salerno Sonnenberg, violin. All-Mozart programme (Mon, Wed); Alicia de Larrocha, piano recital. Scarlatti, Handel (Tue); Mozart Festival Orchestra conducted by Gerard Schwarz. All-Mozart programme (Thur). Lincoln Center (874 2424).

CHICAGO

Ravinia Festival (Highland Park): Marvis Martin, soprano recital. Händel, Brahms, Strauss, Poulenc, Satie, Ned Rorem, Aaron Copland, Lee Holby and southern spirituals (Mon); Winton Marsalis Quintet (Tue); Ella Fitzgerald and Oscar Peterson (Wed); Chicago Symphony Orchestra conducted by Michael Tilson Thomas with Marvis Martin, soprano, and Florence Quivar, mezzosoprano, with Chicago Symphony Chorus directed by Margaret Hillis. Ives, Mahler (Thur), Highland Park (728 4642).

Theatre

NETHERLANDS

Amsterdam, Stadsschouwburg. Yukio Ninangawa's samurai version of Macbeth, with Mikijiro Hira in the title role, and Komaki Kurihara as Lady Macbeth. (24 23 11).

LONDON

Sweet Bird of Youth (Haymarket): Lauren Bacall elegantly decadent as Tennessee Williams's doomed movie queen. Harold Pinter's direction and Eileen Diss's evocative designs contradict the play's lopsided reputation and place the central tussle between the star and her gigolo (Michael Beck) against a detailed canvas of small town Southern vengefulness by the sea (930 9832).

Noises Off (Savoy): The funniest play for years in London, now with an improved third act. Michael Blakemore's brilliant direction of backstage shenanigans on tour with a third-rate farce is a key factor. (836 8888).

Starlight Express (Apollo Victoria): Andrew Lloyd Webber's rollerskating folly has 10 minutes of Spielberg movie magic, an exciting first half and a dwindling reliance on indiscriminate rushing around. Disneyland, Star Wars and Cats are all influences. Pastiche score nods towards rock, country and hot gospel. No child is known to have asked for his money back. (834 6184).

On Your Toes (Palace): Rodgers and Hart's 1936 musical is a genuine tonic. American jazz dance collides with the Ballets Russes. Gems include There's a Small Hotel, Glad to be Unhappy and the Balanchine ballet for Slaughter on Tenth Avenue. (437 6834).

42nd Street (Drury Lane): No British equivalent has been found for New York's Jerry Orbach, but David Merrick's tap-dancing extravaganza has been rapturously received. American Clare Leach is a real find as Peggy Sawyer, and Margaret Courtenay has a field day (836 8108).

Me and My Girl (Adelphi): Sleek, efficient and enjoyable revival of Britain's biggest war-time musical hit with Robert Lindsay in the Lupino Lane role emerging as the best new musical star since Michael Crawford. (836 7611).

The Government Inspector (Olivier): Striking but unfunny revival with under-equipped TV comic Rik Mayall playing the poseur as a shrieking nose-picker. Richard Eyre's production for the NT lacks either comic tension or true delirium but, with John Gunter's imposing design of bureaucratic bumf, the show has a sort of monumental starkness as well as nightmarish tedium. New translation by Adrian Mitchell. (928 2252).

Barnum (Victoria Palace): Michael Crawford returns to London with his breathtaking performance as the circus impresario, adding one or two new tricks in a likeable meringue of a musical. (834 1317, credit cards 828 4735).

Jumpers (Aldwych): Confident almost sober revival of Tom Stoppard's glittering comedy of love, murder and linguistic mayhem among the logical positivists, with Paul Eddington a more earth bound George Moore II than was Michael Hordern, Felicity Kendal delightful as his retired musical comedy wife. Peter Wood directs. (836 6404, credit cards 379 6233).

Richard III (Barbican): Last year's Stratford-upon-Avon production with Antony Sher demonically exciting as Richard in the RSC revival by Bill Alexander. Plays in repertory with Roger Rees as Hamlet and Kenneth Branagh as Henry V. All worth seeing. (628 8795, credit cards 638 8891).

Pravda (Olivier): Entertaining epic new play by David Hare and Howard Brenton for the National Theatre in which an unscrupulous South African magnate acquires Britain's most prestigious newspaper. A Jonsonian satire on the grand scale with an irresistible performance by Anthony Hopkins as the colonial who penetrates the Establishment while a nation dithers. (928 2252).

Breaking the Silence (Mermaid): Another RSC transfer, of Stephen Poliakoff's account of his family's emigration from post-Revolutionary Russia, Alan Howard succeeding Daniel Massey alongside Jenny Agutter. Ingeniously set in an Imperial railway carriage. (236 5568).

The Mysteries (Lyceum): The theatre of Henry Irving and Joe Loss restored for theatrical performance after 40 years. Bill Bryden's NT production in three parts is not to be missed, one of the great events of recent years. All three shows played on Saturdays for this limited run. (379 3055).

Guys and Dolls (Prince of Wales): The 1982 National Theatre production has arrived in the West End, if anything improved by the new casting of Lulu as Miss Adelaide and the notably well sung black Sky Masterson of Clarke Peters. Richard Eyre's production and John Gunter's affectionately lavish designs complement this most joyful and literate of musicals, a fitting tribute to the recently deceased co-librettist Abe Burrows (930 8681).

NEW YORK

Cats (Winter Garden): Still a sellout, Trevor Nunn's production of T. S. Eliot's children's poetry set to trendy music is visually startling and choreographically feline, but classic only in the sense of a rather staid and overblown idea of theatricality. (239 6262).

42nd Street (Majestic): An immodest celebration of the heyday of Broadway in the '30s incorporates gems from the original film like Shuffle Off To Buffalo with the appropriately brash and leggy hoofing by a large chorus line. (977 9020).

Dreamgirls (Imperial): Michael Bennett's latest musical has now become a stalwart Broadway presence despite the forced effort to recreate the career of a 1960s female pop group, à la Supremes, without the quality of their music. (239 6200).

Brighton Beach Memoirs (46th St): The first instalment of Neil Simon's mix of memories and jokes focuses on a Depression-era Jewish household where young Eugene falls awkwardly in love with his cousin. (221 1211).

A Chorus Line (Shubert): The longest-running musical ever in America has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its backstage story in which the songs are used as auditions rather than emotions. (239 6200).

Sunday in the Park with George (Booth): Inspired by the Seurat painting, Stephen Sondheim fashions a musical with dots and dashes of song that end too soon but work well with Tony Straiges's pretty set and James Lapine's book which changes gears in the second act. (239 6262).

La Cage aux Folles (Palace): With some tuneful Jerry Herman songs, Harvey Fierstein's adaptation of the French film manages, barely, to capture the feel of the sweet and hilarious original between high-kicking and gaudy chorus numbers. (757 2626).

Torch Song Trilogy (Helen Hayes): Harvey Fierstein's touching and funny recollections as a drag queen add up to the best histrionic Sarah Bernhardt role on Broadway today. (944 9450).

WASHINGTON

Count of Monte Cristo (Eisenhower): The second production of Peter Sellars' new American National Theatre company is the James O'Neill version of this swashbuckler. (254 3670).

Cinema/Nigel Andrews

Atomising the billboard image

Insignificance, directed by Nicolas Roeg
Ladyhawke, directed by Richard Donner

Nicolas Roeg's *Insignificance* is like a Feydeau play staged in a firing zone. Entertaining us with their neat confusion of epigrams, exits and entrances, and sexual misunderstandings are "The Professor," "The Actors," "The Senator" and "The Ballplayer." And all around them hail and flak and fire of 20th century history, as the world enters the nuclear era.

Based on Terry Johnson's play in which spitting images of four celebrities—Albert Einstein, Marilyn Monroe, Joseph McCarthy, Joe DiMaggio—collide one night in a New York hotel, Roeg's film makes mercifully little effort to "open it out." After brief early scenes in a mock-up Manhattan street where Monroe performs her skirt-blowing stunt for *The Seven Year Itch*, and then a taxi ride with Theresa Russell's Marilyn bobbing blonde and dark-glassed through the night, a ship looking for anchor, we spend almost the whole movie inside the four walls of Einstein's hotel room.

Theresa Russell as The Actress in "Insignificance"

Here converge severally the Senator (Tony Curtis), seeking to subpoena the Professor for his UnAmerican Activities committee; the Actress, seeking asylum from her fans; and the Ballplayer (Cary Busey), jealously seeking his wife the Actress and finding her *chez* the Professor, who has his trousers down.

Instead of opening the play out — which usually means imbecilically superfluous shots of people getting in and out of cars, walking through hotel lobbies etc—Roeg has opened it inward. As in *Performance* or *Don't Look Now*, each character's mind implodes into memory or vision at the touch of a psychic trigger. So the Professor, his watch eternally frozen at 8.15 (Hiroshima time), has a mind that flies us in eye-blink fragments to Japan before and after the Bomb. The Actress's mind whizzes us into flashbacks of orphaned childhood. The Ballplayer has splinter-like memories of carees and boyhood. And the Senator tangles—in reality? in fantasy?—with a voluptuous lovely in black undies in a nearby bedroom.

The whole film is a sequined farce teetering on the edge of meltdown apocalypse. It begins with unlikely opposites converging. It then shows those opposites playing catch with each other's roles and identities. (Monroe explains Relativity to Einstein with a toy car, a balloon and a flashlight, while in return Einstein shows her his legs). And it then shows that complete and complex opposites exist *inside* every individual, however iconic or one-dimensional their public image. He find jealousy and tragic depths in the athlete, lust and frivolity in the boffin, corruption (even madness) in the reforming politico, and intelligence and introspection in the dumb blond. Theresa Rusell's superb Marilyn is a cooing, dimpling centerfold who has also known dark nights of the soul.

Roeg's ability to incise the play's surface and show the nerves and viscera underneath turns it from a Stoppardian frivol into a prickly, eerie tragicomedy. It has both charm and a dark, demonic energy. There are beautifully mysterious images—like the giant ribbon of pink neon outside the hotel (an umbilical cord holding mankind ever more precariously to Earth?) — and a spectacular *Zabriskie Point*-style ending that destroys and restores reality in one fell sweep.

So does the film. It atomises our belief in the superficial "oneness" of personality—the oneness of the billboard image—and then sets out to show a depeer oneness right across mankind: that we all share the same multitude of emotions, apprehensions and idiosyncrasies; that we are all children playing with the dice of hope, faith and new ideas as the nuclear countdown continues.

*

No countdown could seem longer than that between the beginning and ending of *Ladyhawke*. This is a two-hour Medieval yarn about the adventures of a pickpocket called Philippe in and around the wicked city of Aquila. Philippe, played by Matthew Broderick as if he were the 12th century's answer to the Artful Dodger, goeth about seeking whom he may mug, burgle, outwit or outrun in a France lensed with roseate filters by Italian cameraperson Vittorio Storaro (of *1900* and *Apocalypse Now*). Philippe even manages to escape in one scene from the dreaded dungeons of Aquila, despite the fact that John Wood's clipped and wicked Bishop hissingly insists, "No one *ever* escapes the dungeons of Aquila."

The audience will feel as if no one ever escapes the Classic of Haymarket. Especially from the moment when Philippe first stumbles on our mutually enamoured romantic leads, Rutger Hauer as a knight who becomes a wolf by night and Michelle Pfeiffer as a damsel who becomes a hawk by day; thereby creating logistical difficulties which you may imagine for yourselves.

This amorous imbroglio, the result of a course laid on them by Bishop Wood, becomes deeply tedious as first young Philippe and then Leo McKern as a bibulous priest called Imperius attempt to solve the problem. After much to-ing and fro-ing amid plains and ruined castles (the film has the intriguing notion that Medieval castles were ruined even in the Middle Ages) we get back at last to Aquila and the splendidly hissing Wood for a decent showdown.

"I would like to think there is some higher meaning in all of this," says Philippe at one point. I too, but without great optimism. Comfort yourself with Storaro's sporadically splendid photography and the very few moments when director Richard Donner (*The Omen, Superman*) raises the action temperature from lukewarm to hottish.

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Alternatively, visit the Joseph Losey season at the National Film Theatre, where the late great crafter of baroque realism is celebrated this week with *The Damned, Eva* and *The Servant*. Also at the NFT, in a better month than most, you may savour a survey of UK films in the 1950s—from the frightfully British (*High Treason*) to the frightfully bloodcurdling *Dracula*) — and the third "German Panorama" season, hymning the achievements of emigré Teutons like Ophuls, Sirk and Edgar G. Ulmer. All this and Columbia Pictures too, in a 33-film tribute to the lady with the flaming torch including all those films made in the years when Columbia was hoovering up the Oscars: *All The King's Men, From Here To Eternity, On The Waterfront*.

Elliott Carter/Albert Hall

Max Loppert

The Carter Piano Concerto (1963-65), which the Scottish National Orchestra under Matthias Bamert brought to the Proms on Wednesday, is one of his most difficult works. It is difficult in the most positive sense—that is, it handles difficult issues, fierce intractable points for argument, and does so by choice, not as an escape into wilful obscurity. It is modern music in the way much that goes by the name isn't, for it examines in musical terms matters of close relevance to modern life—what David Schiff's Carter monograph has called "an epic confrontation of life against death." And it does so clearly, economically, without flinching.

The form that this confrontation takes opposes the piano solo, characterised by its small group of "human" instrumental soloists, and an orchestra used with powerful, impersonal bleakness. The piano has the first and also the last word, and so may be said to prevail against the forces ranged against it; but in between, the harshness of the argument proposed across two movements demands from the listener a willingness to work hard to keep abreast of its furious cross-currents and proliferations. That makes the experience sound more pain than pleasure; in fact the concerto is one of the most exciting of postwar compositions, but its excitements are those of extreme intellectual seriousness and rigour. It's fair to say that, after this work, the "late", more approachable Carter begins.

In Ursula Oppens, Wednesday's soloist, the concerto had perhaps the finest it has yet received, a performer capable not just of laying out the lines but of drawing the most vividly involving drama from them, a virtuoso in all senses. By chance, I happened to hear last week a U.S. radio broadcast in which Miss Oppens, the Cincinnati Symphony Orchestra, and its conductor Michael Gielen attacked and confronted Carter's argument with near-explosive urgency.

The Prom performance was not like that. The layout of the orchestra allowed for insufficient distinction between the opposed forces; and Mr Bamert and his players, though they appreciated the quality of the music obviously enough, had not achieved the full whip-crack command over its complexities, particularly those of rhythm and tempo contrast. Except insofar as the solo contribution was concerned, it felt not quite up to speed, not quite under the skin of its participants; but it was still greatly worth doing, and greatly worth attending.

*

After Carter, the later evening Prom at St Luke's, Chelsea came as balm and relaxation. The BBC Singers under Simon Joly were in superb form, and their programme of Copland, Howells, and David Bedford soothed battered senses. Copland's beautifully simple *In the Beginning* may perhaps have lacked an American accent, a degree of ruggedness; but the quiet, in-drawn emotions of the Howells Requiem were touched with genuine eloquence, while the first public performance of Bedford's *Of stars, dreams and cymbals*—a pretty, picturesque, diverting stretch of what might be called "English minimalism"—gave the choir opportunities for display that were seized with infectious enjoyment. The concert, not broadcast live, can be heard on Radio 3 tomorrow evening.

Die Walküre/Seattle

Max Loppert

From 1975 and for eight consecutive seasons thereafter, the Seattle Opera's annual Pacific Northwest Wagner Festival played two summer cycles of *Die Ring des Nibelungen*—one in the original language, one in the Andrew Porter translation, and both in a production prized for its simplicity and faithfulness by those who appreciated it, and derided as dully conservative by those who became bored with it. Following the somewhat controversial departure last year of Glyn Ross, the original Seattle *Ring* mastermind, the company's new general director Speight Jenkins revealed his own Wagner plan only in stages.

First, only a single, German-language *Ring* was given last year, and Ragnar Ulfung was brought in to "restudy" the production. Meanwhile, an international Wagner production team was being assembled—the Swiss conductor and Swiss producer Armin Jordan and Francois Rochaix, the American designer Robert Israel (long active in Amsterdam)—quite unlike the previous set-up; and this year, in three performances of *Die Walkure*, an advance warning was given of intentions that will be fully realised next year, when the complete new Seattle *Ring* is to be shown in two summer cycles. Supratitles are the order of the day; more significant than that, there has been introduced to a previously untroubled corner of the Wagner world the brouhaha—and, according to report, the first-night mixture of boos and cheers—familiarly associated with the "concept" *Ring* productions that now hold sway everywhere (except, of course, in Bayreuth itself).

In the ranks of American Wagner performance Seattle is probably the most important city. Nowhere else is the tetralogy attempted annually even in part (as Andrew Porter reported on this page, the glossy, glamorously cast cycle recently completed in San Francisco is not scheduled to return there until 1990). And though the city does not afford a Bayreuth-like festival backdrop—ie one that trains every mind on the town's ruling deity and on the evening performance ahead—it is a city so beautiful to walk in, so blissful to look at and across, and so rich in energetic, enjoyable things to do that it makes a happy setting for any festival. Indeed, after a preliminary day or so spent wandering across its streets and waters, the first-time visitor could well succumb to building up a highly Romantic vision of the "Washington State *Walküre*" he'd love to see fulfilled in the Seattle Opera House; for giant timbers, craggy heights, and breathtaking natural vistas are all in the neighbourhood, and could be drawn on without much research difficulty.

Barry Busse and Johanna Meier

It took a short while for this vision to be laid to rest. (Not immediately, for in contradiction of accepted contemporary practice, the curtain rise to all three acts was delayed until and where Wagner intended it.) But soon the "concept" that Mr Rochaix and Mr Israel had so carefully worked out between them began to be revealed—as it had in advance, in a programme book interview with the producer—as the opposite of any such local inspiration. "*The Ring*," says Mr Rochaix, "is the story of a fantastic director-author-magician Wotan, who becomes the victim of his own theatre."

What this meant, in practice, is that the figure of Wotan-Wagner (in frockcoat, natch!) sits for some while watching the Siegmund-Sieglinde-Hunding drama unfolding as though at rehearsal. The Act 1 set is an obviously "theatrical" background of curtains and stylised bits of scenery (the lovers respond to the call of spring by escaping on to a grassy little knoll, stage right, upon which scene a stuffed deer shyly peeps). This "we're in a theatre" theme goes through many further variations. Act 2 introduces a large tower, seen from its reverse, working side, which is later swung round by visible stagehands to reveal itself as a watch-tower, which gently lets the death-announcing Brünnhilde fall to earth on Peter-Pan-type wires.

The Ride, in fact, is all wire-work 19th century rocking-horses gently pulled through the air with Valkyries decorously atop them (this drew repeated huge cheers). In many of the production's less satisfying moments, of which the opening to Act 3 afforded a good few, the 19th century accent in costume and stage machinery tempted dim memories of childhood panto. Brünnhilde is finally laid to sleep amidst the bric-à-brac of Wagner's theatre studio — a richly detailed picture, with a galaxy backdrop and jets of fire, which provided the only really breathtaking visual images, the only visual invention of proper *Ring* scale, in an otherwise penitentially drab inscenation.

As anyone will know who has recently admired Mr Rochaix's quirkily poetic *Traviata* for Opera North—he is a director with a real theatrical imagination. All the human relationships were played with close, emotionally accurate awareness of their complicated foreground and background links—in human terms, this was a *Walküre* dominated by avoidance of caricature. (Even frockcoated Wotan, high-bustle Fricka, and cigar-puffing Hunding kept clear of the usual modish cliché attached to those items of dress.) But the larger issues of *The Ring* simply disappeared into scenic devices—every time the word "god" appeared on the overhead title, it was hard to suppress a giggle—while the conceptual elaborations brought no special compensating insight to make their confusions worthwhile. I imagine a complete performance will make some of those confusions clearer. I hope much of the stage management will improve accordingly. I suspect that even then, I shall be unable to take the Rochaix-Israel *Ring* really seriously.

What had to be taken seriously were the conductor and the Wotan. The theatre acoustics needed some adjustment; a European expects a more "engulfing" Wagner sound, at full stretch, than this large, broad auditorium appears to permit. But Mr Jordan kept the performance moving with admirably unfussy, undidactic clarity of musical purpose. He is not quite a new Kempe: the chamber-music strands of Act 2 went grey, and the lightness of touch had not been communicated to all the singers. But the thorough professionalism of the musical shaping and of the playing (even without any special radiance) is now sufficiently rare to merit some — if not all — the cheers showered on the conductor at the end.

And Roger Roloff, who recently played Karenin in the ENO *Anna Karenina* revival, proved what on first hearing him one guessed: that he has a voice of genuine Wotan dimensions, firm, brave, rich in colour and deep in tone. There is a stiffness about his demeanour and use of words that badly needs to be loosened; appearance in a *Ring* production in which all the values of the part were set in balance might well hurry the process along (before this Mr Roloff had taken part in the latest Friedrich effort at Berlin). But his singing was beautiful to the end — and, as a real Wotan can make it, especially *at* the end.

Another American with recent ENO experience was Johanna Meier, a London Isolde and here a Sieglinde practised, serious, and dignified, but devoid of sure legato and apt to wobble under pressure. Barry Busse's underpowered Siegmund (he was suffering a cold) was freely, movingly emotional, Dianne Curry's Fricka strong, clear, and even gracious, John Macurdy's veteran Hunding impressively rounded. Much attention has been focussed on the new American Brünnhilde, Linda Kelm. She can sing out, loudly, unstintingly, on a reach-the-back-tiers scale. But so far the tone is shrill, she has no real command of words (often reduced to blur) and, more than anyone else, she needed the "traditional" Wagner preparation that this first *Walküre* obviously denied her (how one longs for her to fall into Sir Reginald's hands while there is still time!). Of the supratitles—which in principle I dislike—the main thing to report is that they were accurate, so far as they went (bits were missing) and that the practised Wagnerite could ignore or glance *at* them as fancy and need took him.

Love's Labour's Lost/Barbican

Martin Hoyle

Barry Kyle's RSC production moves to the Barbican from Stratford with some cast changes, providing a patchy setting for one gem of a performance and sporadic moments of magic.

After an opening scene when the four young men pledge themselves to asceticism at solid desks in what might be Faustus's study, the stage is bathed in the gold of early autumn. Bob Crowley's set, beautifully lit by Brian Harris, captures the mellowness of this production's wistful allegory of growing up.

The men's progress to maturity is nicely underlined by their initial student scruffiness: a Berowne with five o'clock shadow and trousers that barely cover his shins, and a king with bulbous-toed boots that recall Little Tich, fling their intellectual aspirations to the winds and romp like overgrown schoolboys on deciding to woo the Princess and her retinue.

The cast includes the company's Henry V and Hamlet as the King and Berowne in splendidly complementary performances from Kenneth Branagh and Roger Rees. Mr Branagh's decent head-boy *persona*, the cautious idealist, a mixture of the practical and the visionary, contrasts with Mr Rees's ebullient romanticism. Possibly too sympathetic—the biting wit is played down—Mr Rees takes to the poetry of

The production simply ignores Berowne's outburst on the onset of love with the exhilaration of a champion water-skier buoyed up and caressed by his favourite element. Here is a full-blooded lyric-romantic actor in magnificent form, and one of the best performances to be seen in London.

If the play's serious side receives its due, darkening into that uncertainly postponed happy ending, the comedy must fend for itself. Nowhere more obviously than with Don Armado, a cypher who speaks his lines (in a blend of Slav, Irish and Richard Easton's native Canadian) without apparently knowing why; at any rate, not letting us into the secret.

the awkwardness of Shakespeare's Hooray Henrys heckling the lowly, so the masque emerges as a blank. Holofernes' wounded cry of "This is not generous, not gentle, not humble" is neither funny nor touching.

Brian Parr is a frequent sufferer from the lack of an official party-line on the Bard's rustic clowns, and his Costard squeals and [illegible] bad old tradition. Rowena Roberts, on the other hand, [illegible] robustly attractive Jaquenetta with no false cuteness. Josette Simon is natural casting for Rosaline, she of the much-rhapsodised "blackness:" a striking physical presence—enhanced by hypnotically beautiful hands—is as yet hampered by an over-deliberate and jerky delivery of lines.

Virgin Atlantic to back Contemporary Music Network in 1985/86

The Contemporary Music Network is to receive commercial sponsorship for the first time in its 1985-86 series of concerts when Virgin Atlantic, an airline strongly connected with contemporary music, will provide seats for the three American groups to tour during the season. They are the Anthony Braxton Quartet, Steve Reich and Musicians and members of the George Russell Orchestra.

The Vienna Art Orchestra, voted number one European Big Band in 1982 and 1983 by the magazine Jazz Forum will open the season with its first visit to Britain.

The American composer, Steve Reich, will bring his new works *Sextet* and *New York Counterpoint* for their British premières on the Network. A new work for mezzo-soprano and digitally produced sounds by Nigel Osborne, commissioned for the Electronic Music Now tour, will receive its world première at the Bloomsbury Theatre on October 23.

More drama on BBC

The BBC yesterday announced a strengthening of its drama output with a £30m schedule of plays, series and serials for the autumn and winter.

The Corporation is increasing substantially the number of single plays on film and a total of 29 films will be made this year, all but three of them of feature-length.

"The decision to increase and strengthen our drama taken well over a year ago will reveal itself over the next six months," Mr Jonathan Powell, head of series and serials said yesterday. The increased hours and number of all-film productions flowed from that decision, Mr Powell added.

The drama department will get an extra £3m as part of the decision to shift £33m over the next three years into programme making and away from administration.

BBC 2 begins its autumn season with a six part dramatisation by Dennis Potter of F. Scott Fitzgerald's *Tender Is The Night*. A new series of Screen Two now in production will include films by Alan Bennett, Paula Milne, Brian Phelan, Les Blair and Christopher Hampton with scripts by Jack Rosenthal and Dennis Potter in the pipeline.

Filming is nearly complete on Alan Bleasdale's four part film *The Monocled Mutineer* which tells the true story of Percy Toplis who led a mutiny against the conditions at the Etaples training camp during the First World War.

The number of classic plays shown is to double in number but move from BBC 1 to BBC 2. The production will range from Wilde and Pinero to Ayckbourn. They will include a West Indian version of *The Playboy of the Western World*.

"In increasing our film output, we are in no way deserting the enormous expertise vested in our studios. Instead we are seeking to adjust the balance of recent years when studio work has dominated our output," Mr Goodchild said.

Raymond Snoddy

Hand delivered in Paris, Lyon, Toulouse, Monaco, Cannes and Nice

Hand delivered in Paris, Lyon, Toulouse, Monaco, Cannes and Nice

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The detection of fraud

ONE OF THE biggest headaches facing banking and securities regulators as the City revolution gathers pace is what to do about the growing incidence of business fraud. Public awareness of the problem has been raised by a series of scandals in the City. A key question, which will need to be resolved in the Financial Services Bill, due next autumn, is the appropriate role of auditors in detecting and reporting on fraud.

Aware that the Government is keen to increase the responsibilities of auditors, the English Institute of Chartered Accountants has rushed out a report on the topic by a working party headed by Mr Ian Hay Davison, the chief executive of Lloyd's and a former chairman of the Accounting Standards Committee. The report was to have been published in the autumn but the institute hopes to influence the Government's thinking before the new securities legislation is set in stone.

The burden of the accountant's argument is that if the Government is seriously interested in increasing the reporting and detection of fraud, it must stand ready to impose more regulations and duties on the management of companies rather than attempt to turn auditors into a breed of unofficial financial policemen. The institute's working party drily notes the conflict between this goal and the Government's drive to cut away the regulations and red tape enveloping business — to the extent of abolishing small company audits. Less regulation almost certainly means more fraud even if it also means greater economic efficiency.

Difficult issues

The working party suggests two ways in which fraud might be kept in check in both the financial services sector and elsewhere. First, the Government could impose statutory requirements for "satisfactory internal controls." As information technology gallops ahead and computer systems become ever more complex it is far from clear what would amount to "satisfactory" controls. The accountants do not pretend to have the answer; it would in any case vary according to the industry. But the point stands that unless directors improve their internal controls, the incidence of fraud may continue to rise.

Secondly, the Government could require employers to report to the appropriate authorities cases of suspected fraud by employees. This might be highly unpopular especially in financial services where companies are usually keen to keep very quiet about cases of minor employee fraud lest it damage their good name. The requirement would raise all sorts of difficult issues — what constitutes "suspicion," when is a fraud serious enough to report and so forth.

The role of auditors would then, as usual, be to check that management was meeting its new obligations. Auditors would accept a "secondary reporting requirement": to state whether managements do have adequate internal controls and whether they are reporting cases of suspected fraud. What the working party strongly opposes is any suggestion that a duty should be directly imposed on auditors to report suspected management or employee fraud. At most, the institute seems willing to amend its present policy of advising auditors not to disclose suspicions of fraud (unless they are extremely serious) lest it damage their reputation for confidentiality, and embroil them in law suits.

The responsibilities of accountants, particularly in relation to the detection of fraud, may be too narrow. Their relationship with banking and financial services regulators remains ill-defined. However, short of turning the accountancy profession into a public service remunerated out of corporate tax revenue, there is a limit to the "public interest" obligations which can be heaped on them. Under present arrangements the primary responsibility for reporting and detecting fraud must remain with the directors of companies.

The two faces of Mr Mugabe

MR ROBERT MUGABE, Zimbabwe's Prime Minister, seems to speak with two voices. Sometimes he is the irascible pragmatist who says things he later regrets — and then tries to remedy the damage. On other occasions, he appears set on a course which will steamroller opposition, fan tribal tensions, demoralise a still-needed white community and ultimately run down a prospering economy, thus providing a disqueting example of embattled white South Africans wondering about the alternatives to Apartheid. Two episodes in Zimbabwe in the last few days, one encouraging and the other alarming, illustrate the dilemma.

Last month, after castigating whites who had had the temerity to vote for Mr Ian Smith's unreconstructed inheritors of the Rhodesian Front with its UDI values, Mr Mugabe followed up his threat to punish the minority community by failing to reappoint Mr Dennis Norman, the successful and respected Minister of Agriculture.

Reassurance

Last week, however, the Prime Minister sent no less than six members of his Cabinet to reassure the annual conference of the country's predominantly white commercial farmers that the Government valued their services. Later he backed away from earlier threats unconstitutionally to abolish the block of 20 white seats in Zimbabwe's parliament. This suggests the pragmatic side of Mr Mugabe, the national leader whose call after his 1980 independence election victory for racial reconciliation was a remarkable act of statesmanship.

But last week also provided further evidence of what seems to be Mr Mugabe's determination to run Zimbabwe as a de facto one-party state. A series of raids on the Bulawayo and Harare homes of Mr Joshua Nkomo, leader of the opposition Zapu party, led to the arrests of over 30 people, including a Zapu MP, and the confiscation of party documents. It is possible that the people held will be charged (perhaps under emergency powers which have been in force since 1965) and brought before the courts. But sceptics recall that several senior Zapu officials, arrested in the early 1980s for alleged anti-government activities, remain in detention, either without trial or despite being discharged by the courts.

The action appears part of a continuing process of attrition designed to eliminate opposition. Last month, Mr Enos Nkala, who as home affairs minister controls the police and would play a major role in any move to suppress Zapu, threatened to ban Zapu if activity by armed anti-government dissidents in Matabeleland, Mr Nkomo's stronghold, did not cease. Last week the editor of the country's leading Sunday newspaper was summarily dismissed, ostensibly on editorial grounds but more probably because he was once a senior aide to Mr Nkomo. Only on Wednesday this week Mr Mugabe himself returned to the attack vowing in parliament to "elimate" Zapu unless dissident activity in Matabeleland ended.

It is difficult to understand why Mr Mugabe was not satisfied with last month's sweeping victory in the country's general election which gave the ruling Zanu-PF 64 of the 80 black seats, with 15 going to Zapu. The Prime Minister managed to turn what should have been a celebration of his triumph into a witch-hunt for enemies real and imagined.

It was disappointing, albeit predictable, that the election outcome should have confirmed Zimbabwe's broad tribal divisions, with Zanu-PF capturing all but one seat in the Shona dominated provinces, while Zapu won its 15 seats in the Nebele heartland, Matabeleland.

But Zimbabwe's tribal divisions will not disappear by one party diktat. Indeed, they could well be inflamed. Nor will Zimbabwe be a healthier political state if Zapu's voice in support of a mixed economy is silenced as Mr Mugabe pursues his socialist policies.

More than Zimbabwe's internal well-being is at stake. White South Africans, facing growing pressure to allow their black counterparts a say in central government which reflects the country's social breakdown, watch events in Zimbabwe closely. As the West moves towards selective economic sanctions against the republic as a signal to Pretoria that the pace of reform must quicken. So Mr Mugabe might consider the impact on white South African thinking of signals of his own. His more constructive approach last week to the country's 4,000 white farmers is one such example. He also needs to demonstrate that tolerance of opposing political parties is not incompatible with majority rule.

PHILIPPINES UNDER MARCOS

The pressure starts to tell

By Chris Sherwell, recently in Manila

"If my remarks (on basic reforms) suggest that Milipinos have put some water back in the glass, it should be equally clear that the glass remains half empty. Much more has to be done. The challenges remain serious

Paul Wolfowitz, U.S. Assistant Secretary of State.

"I can only say that all the steps taken are from our point of view substantial . . . I put a line on intervention in our internal affairs . . . Arewe going to run our government to satisfy U.S. officials?"

President Ferdinand Marcos

"The agreements with the IMF and foreign banks let the banks get repaid with their own money. Only new investment can help the economy, and that is a matter of political confidence."

Jaime Ongpin, Manila businessman.

"The great problem for the U.S. is still thelack of an alternative to Marcos. The place needs root-and-branch reform, but it won't happen while Marcos is there."

Western diplomat

"I don't agree with the Red line. But I now believe the only course for moderates is to arm themselves and pre-empt a communist take-over."

Middle class professional woman, Manila

TO REGULAR visitors, the sense of relentless deterioration in Manila's tawdry urban sprawl is inescapable. Buildings and public works stand unfinished, potholes sink ever deeper, queues lengthen for jobs abroad and thieves stalk the streets. Strikes and political protests are common, violent police shoot-outs with suspected criminals normal.

Out of town, life is worse. Jobs have disappeared forever, rampant inflation has eroded meagre incomes. On the central island of Negros, low sugar prices have brought mass starvation. Across the country, and now touching Manila itself, a spreading home-grown Mao-style communist insurgency is leaving 14 dead every day.

Divisions have appeared across the board

It is two years since a group of suspected military conspirators plunged the Philippines into crisis by assassinating Benigno Aquino, the country's best-known opposition leader, and the mood is still sharpening. Divisions have appeared across the board: the ruling party, the armed forces, the moderate opposition, the Catholic Church, among businessmen and workers. Increasingly, extremist views are finding a foothold.

At no point in this period has the catalogue of positive changes ordered by the man at the centre of it all — 67-year-old President Ferdinand Marcos — looked more compelling than now. In a way not seen in his 20 years of autocratic rule, he has given ground on significant political, economic and military issues, always grudgingly, invariably under heavy pressure, and chiefly to gain time.

Yet in the view of many, it is all too little, too late — the malevolent manipulations of a gifted tactician determined to retain power. Instead of generating confidence, Mr Marcos's moves have emphasised the bigger tests to come — notably with the United States and the International Monetary Fund — and the danger that the country may never recover under his rule.

Even now the position is serious. Once one of Asia's economic successes, the Philippines now has the second largest foreign debt, U.S.$25.2bn, after South Korea, and is still in danger of default. It is the only country in the continent facing a second year of economic contraction, and more may be to come. Development has already been set back years, and the human cost is escalating.

More importantly, the Philippines is the only country in Asia facing a rising Communist insurgency: its fall could be disastrous for its 50m individualistic and mostly Christian people, and would upset the whole Asia-Pacific balance of power at a time of Soviet expansion through Vietnam, because the U.S. would lose its largest air and naval facilities outside America.

The intensification of the insurgency is undeniable. The New People's Army (NPA), the 10,000-12,000 strong military wing of the outlawed Communist Party of the Philippines, is attacking hardened military outposts in battalion-sized units with increasing frequency. Thirteen per cent of 41,000 local government units in villages and towns across the country are now officially acknowledged to be under NPA control or influence.

Lt-Gen Fidel Ramos, the acting armed forces chief, last week confirmed a 15 per cent increase in incidents involving the NPA this year compared to 1984, when they ran at more than 10 a day. The death toll is also escalating, from nine to 10 daily to about 14, although Gen Ramos says body counts show an increased proportion of NPA deaths.

The Philippines' 210,000-strong military forces stand accused of fomenting resistance by abusing their power, yet a clutch of "overstaying" generals continues at the top. More soldiers are now being punished for indiscipline, however, and an official counter-propaganda campaign is belatedly under way which acknowledges the communist gains and highlights terrorist attacks on civilians and NPA levies on workers.

Political infiltration appears to be growing. Only recently, senior figures leading a vocal coalition of left-wing "cause" groups broke away because of its quick take-over by hard left elements of the National Democratic Front, the Communist Party's political arm. Moderate labour leaders are being challenged by radicals in

President Marcos: giving ground on significant political, economic and military issues

the union movement who exploit lay-offs and inflation-hit wages. In June, Mr Marcos came within a hair's breadth of declaring a state of emergency to deal with a rash of strikes.

The danger for both Mr Marcos and the moderate legal opposition is that they will be outmanoeuvred by failing to offer satisfactory alternatives and something to fight for. This is a prime concern of the U.S., which has urged Mr Marcos to revive democratic institutions and introduce market-oriented economic reforms, a policy which might also make U.S. support for him easier, especially in Congress.

Mr Marcos' slow if positive response on these fronts over the past two years has impressed but not convinced diplomats, businessmen, bankers and even the political opposition. Under pressure, he has ordered an inquiry and trial over the Aquino killing, agreed to a constitutional amendment to clarify the vexed succession problem, held the most open parliamentary elections in years and tolerated a freer press than his neighbours allow.

On the other hand, little is as it seems in the Philippines. It is a safe bet that Gen Fabian Ver, who stood down as armed forces chief, and many of the other 24 military men and one civilian now on trial over the Aquino slaying, will not be convicted. The reason is likely to be a technnicality, to be confirmed by the Supreme Court, that their evidence to the earlier inquiry cannot incriminate them.

Mr Marcos has virtually promised the reinstatement of Gen Ver, and this remains the clearest test to come of U.S. influence over the Philippines president. Washington is against a reinstatement, but Mr Marcos warned only last week that this amounted to interference. Current thinking is that Gen Ver will return temporarily, then move to a new job — a new ministry of the interior is mooted, with police and law and order responsibilities. It would be a classic tactical evasion.

The U.S. sees little advance in other areas. Mr Marcos recently broke openly with tradition over a top Supreme Court appointment, and he filled key vacancies on Comelec, the crucial commission which runs elections, with unknowns unacceptable to the opposition. He still refuses to give up his near-absolute decree-making powers, with which he can by-pass even the present assembly with its one-third opposition representation.

The latest complication is his hint last week of snap presidential election and possible dissolution of the assembly. The opposition, anxious to take on Mr Marcos, promptly accepted the challenge.

Opposition impeachment moves in the assembly are the ostensible reason for the election. The moves are based on allegations published in the U.S. and the Philippines that Mr Marcos, his influential wife Imelda and their closest associates have amassed vast fortunes in "unexplained wealth" abroad.

Mr Marcos says he will decide on a poll when he sees the impact of the impeachment moves on his counter-insurgency campaign and economic recovery programme. In fact he has an easy majority to defeat any impeachment motion. Moreover, an election, which he would not call without intending to win, would cost so much money that it—not the impeachment—could derail the economic programme.

Nothing could be more serious than this, for the Philippines or the IMF. The advances already achieved by the recovery programme are indisputable, even though the government only met the terms of the debt rescue package 19 agonising months after halting repayments of its $25.2bn debt in October 1983.

The first proper tranche of an SDR 615m IMF stand-by credit was finally released last week, and the first lump of new money from a $925m commercial loan by 480 banks is being released along with a $3bn trade credit facility. Detailed talks on rescheduling are under way with banks and governments.

The government is now claiming success on the current account of the balance of payments (turned round in the first quarter of 1985 to a $32m surplus from a $484m deficit in the same period last year) and, more importantly in domestic terms, the inflation rate (down from around 64 per cent annually last October to a projected 10 per cent at the end of this year).

The short-term economic cost of the adjustment, however—both because of the government's tardiness and the way it was implemented—has been immense. Since the peso was not allowed genuinely to float after successive devaluations, the reduction in money supply which was needed to squeeze out inflation demanded sky-high (though still not real) interest rates which halted investment and brought heavy job losses).

The economy contracted by anything up to 10 per cent last year, and only high coconut prices for the farmer, a dollar black market for the import dependent manufacturer and the resilience of family ties for the jobless kept the country on its feet. This year, the country has continued to record negative growth. Exports have fallen ominously short of target, and a turnround looks worryingly distant.

The IMF and World Bank, whose reputations are on the line in the Philippines after years of under-achievement, are now insisting on essential longer-term structural reforms to build on this painful adjustment. They say action is overdue in raising domestic savings to curb future foreign borrowing, in reforming the sugar and coconut industries to improve agriculture, and restoring the soundness of the financial system by restructuring government banks.

Progress on specific points is being sought before the next IMF economic review in September, when the next tranche of money is due to be released. But the IMF's demands so threaten the vested interests behind the Philippines power structure that some cynics wonder whether a snap election — which no outside agency or government could stop — might be used to evade IMF discipline, if not to put the reforms off altogether, while blaming a hapless opposition.

In the judgment of many, an election is likely sooner rather than later simply because Mr Marcos knows winning will get no easier as time passes by and his health — currently good — may not last. Certainly the opposition, hitherto split on personality and policy grounds, hipes it will be galvanised into unity when the time comes, though so far it has failed miserably to narrow down a list of 11 potential "standard bearers."

One alternative — some believe the only one — might be to draft Mrs Cory Aquino, the slain politician's widow, with the sole aim of calling a post-election convention to frame a new democratic constitution. She would then resign after free elections. Mrs Aquino, who believes Marcos must go, and via the ballot box, is keeping her options open.

The IMF demands threaten vested interests

The unanswered question in all this is how far the U.S., whose relationship with the Philippines stretches back to the last century, is willing or able to press for change. Many believe the U.S. will do anything to prevent a communist takeover and loss of the bases.

How far Mr Marcos is really amenable to change remains another key question. Some still see leverage in his desire to preserve the security of his family and his wealth, and in the sense he has of his place in history. Most now point to his record and say his reputation is tarnished for ever. Either way, there is less and less time to find out.

Men and Matters

The gilt stripper

Gary Klesch's career in the Eurobond market is spectacular if not, so far, enviable.

The American-born chairman of Quadrex Securities yesterday welcomed journalists to a Press conference at the private bank's Regent Street offices in London to announce an innovative Eurosterling bond issue.

It brought back memories of just such a meeting two years ago, almost to the day. Then, another novel deal had been heralded by Press advertisement. Transamerica, the U.S. conglomerate, was launching an issue of warrants to buy U.S. Treasury bonds—the first in the Eurobond market.

That issue marked Quadrex's big splash entry into the market. The firm, whose ownership has never been disclosed, was established early in 1983 after Klesch resigned from Dean Witter Reynolds, the securities trader.

But the issue ended in disaster. Within hours, Klesch had to cancel the issue as nobody wanted to buy the over-priced warrants.

Inevitably, Quadrex is suffering some sniping this time round. As one British broker said: "It's not exactly a well-known name in the sterling market."

But Klesch was yesterday repeating the old saw which Transamerica's chief financial officer had quoted two years ago: "You can always tell the pioneers by the arrows in their backs."

Last I heard the sterling issue was still going ahead.

Viewpoint

Gus MacDonald, the trenchant Glaswegian who, in 18 years at Granada Television, has been associated with such programmes as World in Action and What the Papers Say, is returning home. He has been appointed director of programmes for Scottish Television.

Granada, he believes, has firmly established its reputation as a counter-force to the pull of London; and by making programmes "with some verve and attack' for both the ITV network and Channel 4, MacDonald hopes to do something similar for Scottish.

MacDonald started work in the Glasgow shipyards as a marine engineer, but drifted to LIondon and "fell into bad company and became a journalist."

Apart from initiating programmes like the Spanish Civil War for Channel 4, MacDonald takes most pride in having helped develop "social participation" television.

But it will not be all trade unionism and politics on Scottish Television from now on. A lot of the verve, he says, is going to be directed towards drama and light entertainment.

Life style

Montagu Investment Management (MIM), the fund management business recently sold off by Samuel Montagu, is drawing fine lines. In one of the first Press releases put out since its change of status, it describes itself as "the largest investment management group independent of any other City financial institution."

Given MIM's well known desire to escape from under Samuel Montagu and its parent, the Midland Bank, that may well be something to celebrate. Pity the release forgot to mention that MIM is now 100 per cent owned by Aetna Life and Casualty, the largest publicly quoted insurance company in the U.S., and a heavy investor in the London markets.

Cash balance

A new blow for sexual equality has been struck in Copenhagen.

Prince Henrik, 51, Consort to Queen Margrethe II, is to be given a salary, 18 years after he married Margrethe and 13 years after she became Queen.

The prince, formerly Count Henri de Montpezat and a third secretary at the French embassy in London when he met Margrethe, drew attention to his financial plight in a newspaper interview earlier this year. He pointed out that he had no money of his own and had to ask the Queen for his pocket money.

The Prime Minister's office has now indicated that it will grant the industrious and widely-respected prince his own apanage. But the money, it seems, will be taken out of the Kr 26m (£2.1m) which the Queen is given to run her court.

The Government may have been influenced by the fact that Crown Prince Frederik, 19, is also about to be provided with money and a household of his own. A case, this time, of like son, like father.

Headaches

Moves by the Indonesian authorities to make the wearing of motorcycle crash helmets compulsory have run into a few problems. Nobody, it seems, has clearly defined what actually constitutes a crash helmet.

Jakarta poilce had to reprimand one motorcyclist riding down the city's main thoroughfare with what was described as a kitchen basin on his head. Military helmets and building site "hard hats" are proving very popular wear as well.

Problems have also been caused by a somewhat arbtrary imposition of the new regulation, with helmetst obligatory on some Jakarta streets but not on others.

The police, meanwhile, continue to wear crash helmets and dark glasses as part of their uniform at all times — even sitting in a patrol car under the heat of the noonday sun.

GEC in colour

What has happened at GEC? Nobody could ever accuse the company of flamboyance when producing its annual report and accounts — traditionally 20-odd pages of solid grey type giving facts without frills.

But this year we see a blaze of colour, a nicely designed brochure picturing chairman James Prior in colour and colour shots of just about everything from a sports scoreboard to an airliner.

Perhaps somebody has decided that a company with a cash mountain of £1.45bn can splash out a bit.

Meantime

Julian Brodsky, bigger-than averag chief finance officer of U.S. cable television company, Comcast, introduced himself at a London presentation yesterday: "You've heard about lean and mean management — well, I'm the mean side."

Observer

BASE LENDING RATES

A.B.N. Bank	11½%	Heritable & Gen. Trust	11½%
Allied Dunbar & Co.	11½%	■ Hill Samuel	§11½%
Allied Irish Bank	11½%	C. Hoare & Co.	11½%
American Express Bk.	11½%	Hongkong & Shanghai	11½%
Henry Ansbacher	11½%	Johnson Matthey Bkrs.	11½%
Amro Bank	11½%	Knowsley & Co. Ltd.	12 %
Associates Cap. Corp.	12 %	Lloyds Bank	11½%
Banco de Bilbao	11½%	Edward Manson & Co.	12½%
Bank Hapoalim	11½%	Meghraj & Sons Ltd.	11½%
BCCI	11½%	Midland Bank	11½%
Bank of Ireland	11½%	■ Morgan Grenfell	11½%
Bank of Cyprus	11½%	Mount-Credit Corp. Ltd.	11½%
Bank of India	11½%	National Bk. of Kuwait	11½%
Bank of Scotland	11½%	National Girobank	11½%
Banque Belge Ltd.	11½%	National Westminster	11½%
Barclays Bank	11½%	Northern Bank Ltd.	11½%
Beneficial Trust Ltd.	13 %	Norwich Gen. Trust	11½%
Brit. Bank of Mid. East	11½%	People's Trust	12½%
■ Brown Shipley	11½%	PK Finans Intl. (UK)	12 %
CL Bank Nederland	11½%	Provincial Trust Ltd.	12½%
Canada Permanent	11½%	R. Raphael & Sons	11½%
Cayzer Ltd.	11½%	Roxburghe Guarantee	12 %
Cedar Holdings	13 %	Royal Bank of Scotland	11½%
■ Charterhouse Japhet	11½%	Royal Trust Co. Canada	11½%
Choulartons**		■ J. Henry Schroder Wagg	11½%
Citibank NA	11½%	Standard Chartered	‖11½%
Citibank Savings	¶12½%	TCB	11½%
City Merchants Bank	11½%	Trustee Savings Bank	11½%
Clydesdale Bank	11½%	United Bank of Kuwait	11½%
C. E. Coates & Co. Ltd.	12 %	United Mizrahi Bank	11½%
Comm. Bk. N. East	11½%	Westpac Banking Corp.	11½%
Consolidated Credits	11½%	Whiteaway Laidlaw	12 %
Co-operative Bank	11½%	Williams & Glyn's	11½%
The Cyprus Popular Bk.	11½%	Yorkshire Bank	11½%
Duncan Lawrie	11½%		
E. T. Trust	12 %		
Exeter Trust Ltd.	12 %		
First Nat. Fin. Corp.	13 %		
First Nat. Secs. Ltd.	13 %		
■ Robert Fleming & Co.	11½%		
Robert Fraser & Ptns.	12½%		
Grindlays Bank	‡11½%		
■ Guinness Mahon	11½%		
■ Hambros Bank	11½%		

■ Members of the Accepting Houses Committee.
* 7-day deposits 8.00%, 1 month 8.60%. Top Tier—£2,500+ at 3 monthly notice 11.25%. At call when £10,000+ remains deposited.
‡ Call deposits £1,000 and over 8% gross.
‖ 21-days deposits over £1,000 9.25%.
¶ Mortgage base rate.
** See Provincial Trust Ltd.
§ Demand deposits 8%.

Wages and jobs

A vein that is waiting to be tapped

By Michael Prowse

AS motorists we obey the Highway Code; not because it gives us pleasure or because it is desirable in itself but because it is the only way to avoid disaster on the roads. Sometimes it is in our best interests as individuals to agree to co-ordinate our activities through a collective agreement enshrined in law, such as the Highway Code.

An important question is whether a collective agreement in some form of economic "highway code" is not now necessary in the face of the continuing national (and international) disaster of very high unemployment. The answer depends on the nature of such a code and on the likelihood that existing policies will make much dent in the mountain of unemployment.

The daunting scale of unemployment needs little spelling out. A total of more than 30m people are now jobless in the main industrial economies. Youth unemployment is particularly acute: in Britain, a quarter of 18- and 19-year-olds are jobless. In some European countries the figures are still worse.

Few economists are willing to forecast much improvement. Many believe unemployment in Britain and elsewhere will be at current levels, or even higher, five and even 10 years hence.

Strategies for reducing unemployment, although enunciated differently, are quite similar in many countries. They start from the recognition that the problem can be approached from two sides: new jobs can be created or the labour force shrunk. Indeed, frustration on the first count has led to greater interest in ways of choking off the supply of labour.

Yet "curing" unemployment by choking off the supply of labour (whether by tax changes or shorter hours) is a desperate expedient. It is like

Europe in particular, badly needs a larger workforce

trying to reduce infant mortality by sterilising mothers. Europe, in particular, badly needs a larger workforce because of the projected decline in the ratio of workers to pensioners and other dependants. Attempts to reduce the supply of labour will affect the "support ratio" and condemn economies to needlessly low per capita incomes.

So it is much more important to focus on ways of boosting employment. The UK policy broadly amounts to the following: Microeconomic measures are designed to sweep aside *restrictions and regulations* which inhibit market forces and to encourage greater wage flexibility. Macroeconomic policy aims to sustain a reasonable growth of nominal demand or money GDP (deemed to be about 8 per cent a year).

Employment is then held to depend mainly on two things: how much of the money GDP growth translates into real output rather than inflation; and how labour-intensively that output is produced. On both counts, it is stressed that wage moderation is the key. Slower growth of wages will ensure that more of the money GDP ends up as real growth because it will hold down the general rise in industrial costs and prices. Wage moderation will also encourage a substitution of men for machines.

The strategy is subject to two important constraints. The permitted growth of nominal demand must be quite modest in order to keep the lid on inflation. And direct intervention to hold down wages (for example, through an incomes policy) is deemed both undesirable and unworkable.

The approach is logically coherent, even appealing. It just happens not to work. It has led to the present impasse: 30m unemployed in the supposedly develope Western economies and governments wringing their hands but declaring that nothing more can be done. They have created the right "nominal framework"—steady, non-inflationary growth of money GDP. The rest, real growth and employment, is in the hands of private agents: it all hangs on voluntary wage restraint.

This strategy is vulnerable to a minor and a major criticism. The minor cavil, made by many neo-Keynesians, is that the *emphasis on nominal variables* is excessive. It is wrong, they argue, to pretend there is a dichotomy whereby governments can only influence nominal variables, such as money GDP, while private agents (for example through wage behaviour) determine the crucial split into real growth and employment.

Governments, they maintain, can decisively influence real growth by adjusting their real fiscal stance (the gap between expenditure and revenue properly measured to reflect inflation and the economic cycle). Thus, it was much more significant for employment and growth that the UK's inflation-adjusted structural budget was in *surplus* to the tune of 1.8 per cent of GDP in 1984 than the fact that, after the event, *money GDP was seen* to have grown by about 8 per cent.

A real fiscal stance twice as tight as West Germany's (which is put at 0.8 per cent of GDP by the OECD) thus continues to inhibit job creation, regardless of what is happening *to nominal* demand. On this view, it is wrong to believe that money GDP growth determines anything: it is rather the uninteresting sum of real growth and inflation, which themselves are determined by a whole bundle of variables, many of which are under the Government's direct control.

However valid this criticism. It is mainly relevant in the short run. Fiscal relaxation would probably create more jobs on a one-to-two-year horizon, but it cannot be continued indefinitely. In the long haul, the conventional employment strategy, outlined above, has to be considered on its own terms. So assume the authorities juggle with the monetary and fiscal controls in order to achieve reasonably stable growth of nominal demand, without permitting a secular rise in the size of the public sector. Is an employment policy sufficient which consists of Ministers then periodically calling for wage restraint?

The answer, even for those who strongly support market mechanisms, must be no. This brings us to the major criticism of the strategy and the case for something better. To start with, the approach fails to cope with the possibility of *a serious clash of interests* between the employed majority and the unemployed minority. Suppose the employed (and their employers) simply do not care about the jobless and are aiming for a high productivity, a high wage economy and a *quiet life*.

The recent talk of "super wages" of £25,000 a year for productive miners, top people's awards and remuneration in the City suggests this is no idle fantasy. But if the majority deliberately refuses to heed calls *for restraint, should the matter* end there? Arguably not; in mature democracies, minorities including the unemployed have a right to protection even when this is burdensome for the majority. The role of politicians is in part to adjudicate when *majority and minority interests* clash rather than to abdicate all responsibiliy.

But the failure of the present jobs strategy runs deeper than this. The clash of interests is almost certainly less stark than suggested. The employed majority probably do care about the unemployed minority. The recent Live Aid appeal for the Ethopian famine suggests a vein of altruism is waiting to be tapped. But, just as many people give little or nothing to charities unless they are galvanised and organised so, left to their own devices, they will exercise little wage restraint.

The fact that the employed *collectively* might be willing to make a sacrifice does not mean they will do so individually: most people will make a sacrifice *only if they* know others will do likewise. On this analysis, long-term unemployment is a problem of "market failure." Ministers may call for wage restraint till they are blue in the face. But they will not get it because it is irrational for any *one* group to sacrifice itself unless others do their bit.

Collective action is necessary and the market, whose *raison d'etre* is to further individual interests, is poorly placed to help. A "highway code" on wages — some form of national incomes policy — needs to be organised by political representatives because it is their job to take collective decisions on behalf of their constituents.

The advantages of collective

Collectively, we opt to obey the highway code

action are taken for granted in many spheres. Most people would be appalled if an elected government refused to contemplate collective action on defence and simply urged citizens to buy their own rifles and train as best they could. Apart from co-ordination problems, people would be unwilling to spend time and money on defence unless they could see their neighbour doing likewise. Yet they would have no power to insist their neighbour followed their good example.

The paradox is that those who believe most passionately in the efficacy of wage restraint are also those who are least willing to contemplate the collective agreement necessary if it is to have any chance of success. In part, this reflects a laudable respect for individual freedom. But some *freedoms need to be ceded in* order to maximise individuals' opportunities.

The case for a collective agreement on wages can thus be defended either as a necessary protection for an important minority — the *unemployed* — or as a means of translating the true wishes of the majority into effective action. It offers the best chance of sustainable low inflation and high employment. By making higher real growth a feasible goal, it holds out the long-term *prospect of higher* real wages, as well as much higher employment.

Restrictions on employers' and employees' freedom to agree on wages are not desirable in their own right any more than speed restrictions on *motorways. It is fun to* earn a lot just as it is fun to drive fast. They are proposed simply as the "least-bad" solution to a very serious problem: large scale unemployment.

It is not enough for opponents of a wages "highway code" to *point out the difficulties or cite* past problems. Circumstances have changed; the employment outlook is much worse than in the 1960s or 1970s. Critics have to come up with something better — some other way of ensuring that much more *nominal demand translates* into real growth and employment. Alternatively, they have to admit they are unabashed by present trends: youth unemployment at 25 per cent into the next century. Plaintive calls for voluntary wage restraint simply fail to measure up to the scale of the task ahead.

Lombard

A City nightmare for Tory MPs

By Peter Riddell

COULD THE City revolution damage the Government? Several Conservative MPs are worried that, just before the next general election, a major City scandal could blow up which would hit the Conservative Party's standing. This fear, described by one as his "horrid scenario," is shared by some senior ministers and has been reflected in growing pressure for a toughening-up of the Government's investor protection proposals.

City issues seldom surface at Westminster except when there is a scandal. They are followed closely by only a couple of dozen Tory MPs and barely half-a-dozen Labour ones. But the Conservative mythology is that the property boom and bust and the secondary banking collapse of 1973-74 did damage the party in the two 1974 elections.

So the Lloyd's and Johnson *Matthey Bankers affairs* have increased worries about what might happen elsewhere. Moreover, MPs' faith in the benign hand of the Bank of England as the godfather of self-regulation has been badly shaken by the series of revelations about *the PMB affair. Hence MPs* are raising questions about the adequacy of this autumn's financial services Bill.

Some of the main political fears were discussed in a speech earlier this summer by Tory backbencher Mr Tim Eggar, who is a consultant to Wood Mackenzie. He raised the constitutional dilemma of the delegation of powers to the two boards (investment and marketing) and then down to the self-regulatory bodies at the same time as the Trade and Industry Secretary *is required to be answerable* to Parliament. What, he asked, would happen if there was a scandal and an agency or board was believed to have failed in its duty? Would the Secretary of State have to make a Commons statement? Would the board or agency be summoned before select committees? Could they refuse to attend? Reflecting the views of many of his colleagues, Mr Eggar argued that "the structure chosen is fraught with the opportunity for conflicts and for public and parliamentary concern."

Mr Eggar suggested that the idea of one board rather than two would eventually prevail. He concluded that, "even if we are spared a scandal, the logic and competitive forces within the 'New City' moves us inexorably, but reluctantly, towards a Securities and Exchange Commission type of solution."

The Government's position, as restated by Mr Norman Tebbit in his interview with the Financial Times on August 1, is to stick to the White Paper proposals. He argued that there was enough work to be done by two boards, though he said the *Bill* would create a structure which would permit the later organic development of one regulatory board if necessary.

However, some of Mr Tebbit's senior colleagues believe that one board is inevitable, sooner or later. They argue that the Government should not regard the bill as the final word but should be prepared to move swiftly towards a stronger statutory framework if further problems arise. One senior minister believes that there will probably have to be a British version of the SEC before long.

Tory backbenchers are divided about the merits of an SEC even without all the legal paraphernalia associated with one in the U.S. But a growing number recognise that an SEC has become more likely. Labour Party spokesman Mr Bryan Gould has throughout urged the need for statutory supervision, arguing that the legal controls have shown the shortcomings of self-regulation under the umbrella of the Bank of England.

None of these questions are new to the City. The key point is that the political climate is changing, both among Tory MPs and, tentatively, within Government. Moreover, it is likely that one or both of the ministers who have framed the current proposals (Mr Tebbit and Mr Alex Fletcher) may be shifted in the September reshuffle. New ministers could take a different attitude. They will certainly be under greater political pressure to provide reassurance in this autumn's bill.

Letters to the Editor

Freedom of opinion

From Mr P. Wood

Sir,—Reviewing the so-called censorship crisis, Godfrey Hodgson (August 7) suggests that the fundamental cause of the "disaster" lies in a "cultural clash" between those in the BBC (and most other journalists in TV and some, though not all, in newspapers) "who believe that the freedom of journalism has such value to society that it must be protected and those to whom other things . . . come first."

The clash is, of course, no more and no less between people holding differing views of all those elements that Mr Hodgson holds up before us and in the debate itself between the Home Secretary, the BBC governors, management and journalists, we have seen enacted a defence of freedom of opinion if not of journalism. Can Mr Hodgson, who is a scrupulous and conscientious journalist, really believe in a freedom of the journalist that is not at the same time a defence of every citizen's freedom of opinion — and is not this freedom of opinion a more fundamental freedom?

Mr Hodgson may well reply that in defending the BBC he is defending freedom of opinion at large, but it is not entirely clear that he is. He seems rather to be arguing for the televisual division of the Fourth State regardless of the standards it embodies. You *have to be* something other than a TV journalist and someone without political commitment to see how tawdry some of those standards are.

Moreover, if the material in the banned programme (as distinct from its being banned) really matters to conscientious journalists at large, then won't we soon be seeing a number of articles covering — with the help of Martin McGuinness and Gregory Campbell — the same ground and the same issues? There is nothing to stop those in newspapers who are appalled at the "disaster" from ensuring that those issues are made accessible to a very substantial public. This would be a most effective way of protecting what Mr Hodgson calls the "freedom of journalism."

Peter Wood.
Newbold Farm,
Duntisbourne Abbotts,
Cirencester, Glos.

A top spot on Merseyside

From the Chief Executive, Merseyside Development Corporation.

Sir,—Those of us who are aware of the benefits to be derived from tourism were pleased to see the English Tourist Board's recently announced attendance figures reported on July 31.

The Tower of London, which attracted 2.34m visitors throughout 1984, was placed at the top of the attendance league for events with an admission charge. You may be interested to know, that, for just 24 weeks of 1984, the International Garden Festival in Liverpool attracted almost 3.4m visitors (£3.50 adult entrance fee). The Festival also attracted more visitors than, for example, the British Museum for which no charge is made.

This success was gratifying on many counts, but particularly in that it clearly demonstrated that a totally new quality theme park could be conceived, built and operated to standards rarely matched in the UK. That this could be achieved in 2½ years and in an area of such mixed fortunes is encouraging and a stimulus to many more private investment initiatives which have come forward to the Liverpool waterfront.

Basil Bean,
Royal Liver Building,
Pier Head,
Liverpool.

Change at work

From Dr M. Cross

Sir,—John Lloyd (August 7) is correct in stating that many of the changes in working practices and industrial relations are unlikely to be allowed to slip back. We feel however, that there are a number of points which should be made to put his observations into context. We have been monitoring developments for four years on 200 manufacturing sites operated by 94 companies and employing nearly 190,000 people.

One test of the extent to which new patterns of work are becoming "a norm" is to examine those situations where the need for changes is apparent to all involved. Of the 200 sites being monitored, 56 fall into this category: 14 are new sites; 16 are new factories on existing sites; seven are complete site rebuilding programmes; and, a further 19 are sites making large losses ie for every £5 of turnover there is a loss of £1 or more. Yet on only nine of these sites have "Carrington" type developments occurred. Of particular concern is the lack of "best practice" being introduced on to new sites. From this we can only conclude that company managements are possibly ignorant of best practice, don't know how to make best practice work, or don't consider the people aspect of a new project warrants detailed attention.

Of the capital proposals for new plants currently under discussion only four (of 16) have made explicit and sufficient budgetary allowance for developing the necessary organisation to run the plant. Furthermore, all four of these companies are part of North American corporations.

Much of the impetus behind changing working practices has come from the need to reduce the number of people employed, and hence fixed costs. Some of these displaced jobs have been as a result of the introduction of new plant justified in part on the labour savings which it will yield. In many of the more capital intensive plants this has ceased to be a major cost justification for capital projects. In other plants there has been little labour displacement by capital, but more of the "doing more, with less" approach. This has been introduced and implemented with relatively minor organisational thought and little investment in training. In some cases this approach has reduced the numbers employed by about 30 per cent.

The next phase of changes where production and engineering departments are being combined there is a further labour displacement, and a need for a large investment in training. It is this second phase of changes which is now emerging as the challenge for managers and *stewards et al* to overcome if the productivity improvements are going to be continued to be made.

We would therefore agree *that changes in working practices* are occurring, but the extent is often less than is claimed. The direction for the changes is now becoming well established—the question is how and when the changes will occur, not if.

(Dr) Michael Cross,
Technical Change Centre.
114 Cromwell Road, SW7.

Rising unfilled vacancies

From Mr D. Franklin

Sir,—Robin Pauley (August 2) mentioned the continual rise in the numbers of unfilled vacancies which is one of the statistics which generally remain unmentioned in the discussion of unemployment.

The unfilled vacancies are now over 500,000 which is higher than in 1971 when there were 775,800 registered unemployed. At that time this represented 3.4 per cent of total employees whereas the latest unemployment figures represent 13.1 per cent of total employees.

The largest numbers of unemployed are in the south east of Britain yet it is impossible to find staff in London. The Job Centre in central London had hundreds of unfilled vacancies ranging from £3,000 to £9,500 per annum and in south London there are nearly 20,000 registered unemployed youths yet no one even turns up for appointments made by local employment agencies.

Surely it is time that politicians of all Parties addressed themselves to filling these vacancies before creating more of them. The only solution is *to untax people into these* vacancies which would reduce the registered unemployed total by 20 per cent at a stroke.

Perhaps the Chancellor can persuade the Treasury that the loss in revenue would be outweighed by the crippling cost of unemployment which is rising as fast as the unfilled vacancies.

D. G. Franklin.
121 Kennington Road, SE11.

Business expansion schemes

From Mr P. Birch

Sir,—I read George Graham's article (August 3) on business expansion scheme funds and am writing to you with some comments.

I have had some experience with the BES and would agree that some companies are pricing their shares in such a way that the tax benefits are to all intents and purposes discounted. There are, however, two further points:

The Inland Revenue is taking a great deal of time to process claims substantiated by BES 3 forms. For example, a commission in April 1984 and several since have not yet been acknowledged.

The Inland Revenue has asked *Peat, Marwick, Mitchell* to undertake a review of BES funds and as a result of this I have been contacted by PMM. It was my understanding that tax affairs were between the individual and the Inspector. I therefore feel that there is a principle at stake when the Inspector passes on names to a firm of consultants in order to conduct a survey without prior reference to the individual.

Overall the BES does have merit and should be persevered with. *Until companies requiring* funds are more realistic, however, and less greedy and the Inland Revenue plays its part by processing tax repayment claims efficiently, the scheme is unlikely to produce the benefits it justifies.

Peter G. Birch,
6, Broad Highway,
Cobham, Surrey.

FINANCIAL TIMES

Friday August 9 1985

Britain's TI group promises 'radical' upturn

By Ian Rodger in London

TI GROUP, the British cycles, home appliances and engineering group that has been the subject of recent bid speculation, has reported a slight improvement in its interim profits to £12.6m ($17.1m) before tax and promised "a radical improvement in performance" from next year.

Mr Ronny Utiger, TI's chairman, said in an interim statement that resembled a bid defence document that "the prompt and effective actions taken on many fronts reflect the determination and strength of the management teams we now have in place."

However, Mr Raschid Abdullah, chairman of Evered, the engineering group that has built up a 12.5 per cent stake in TI in recent weeks, was unimpressed by the statement. "There is a lot of talk in it about 1986," he said. "We would have liked to see more information on 1985."

He declined to comment on whether Evered would proceed with a bid, but following yesterday's 13p gain in the share price to 343p it was looking less likely.

TI's vulnerability to a bid developed late last year when it became known that its long and difficult recovery from the recession had been stopped by unexpected reverses in its gas cylinders, machine tools, steel tubes and Raleigh bicycles subsidiaries.

Pre-tax profits tumbled from £12.4m in the first half of last year to £6.6m in the second half, and analysts raised questions about the ability of existing management to control a large and diversified group.

Mr Utiger emphasised in his statement yesterday that new management teams had "already made a real contribution to the group's performance, and selective strengthening of our management continues to take place as necessary."

Privately, TI officials have acknowledged failings in the past, but they also claim an impressive record in turning around troubled companies. They doubt that Evered, which is a much smaller group with turnover of £63.4m last year compared with TI's £971m, would have much to contribute.

Mr Utiger said new management at Raleigh, which lost £4.4m last year, had overcome production control problems.

"The results for the first half year do not reflect this underlying improvement because sales, despite an increase in Raleigh's market share, have been badly affected by the poor weather and a reduction in dealers' stocks."

"Significant further cost reductions are being implemented which should enable Raleigh to eliminate losses in 1986, even if demand remains at the current low level."

A few months ago he said further rationalisation in the Cold Drawn Tubes subsidiary might be necessary to eliminate losses, but management there has improved, enabling the company to break even in the second quarter.

See Lex

Hussein urges peace talks

Continued from Page 1

Deputy U.S. Secretary of State, were quoted as saying that the Administration was "disappointed" by the inclusion of PLO members.

Israel yesterday warned Jordan to get rid of PLO military offices established on its territory.

A ministerial committee was meeting last night in Casablanca to draft a summit resolution on the Palestinian question and other issues. One problem it faces is whether to give the Hussein-Arafat accord specific support, thereby risking further antagonising Syria, or whether to produce a general endorsement of peacemaking efforts.

Debut for stripped gilts in Eurosterling issue

BY MAGGIE URRY IN LONDON

A NEW creature arrived in the sterling capital markets yesterday – stripped government bonds, which were dubbed Stags.

Quadrex Securities, a small private bank, launched an issue of Eurosterling bonds which are in essence a repackaging of a £100m worth of a gilt-edged stock into its component parts of interest and redemption payments, which total £309.25m.

The idea of stripping coupons from Treasury bonds originated in the U.S. in 1982 when Salomon Brothers developed a product called Certificates of Accrual on Treasury Securities (Cats) and other felines followed from rival investment banking firms.

In the UK market, the Stags are not related to those investors who apply for new issues in the hope of making a quick profit.

Quadrex has bought the gilts and placed them in a special vehicle company named Sterling Transferable Accruing Government Securities (Stags). The company, which is based in the Cayman Islands, is issuing bonds to match the cashflows from the gilts.

The principal of £100m of the gilt, Treasury 15½ per cent 1998, which will mature on September 30 1998, is being sold at £26.875 per £100. Investors receive no income from the bonds – which are called zero coupon bonds – but receive the full £100 on redemption.

Each of the £7.75m semi-annual coupon payments are also being sold at a discount, with issue prices varying according to the date of the coupon payment. For example, the first coupon is due on September 30 and this is being sold at £98.90 per £100.

Bankers have long been keen to bring "strips" to the UK but have in the past found the authorities unwilling to accept the idea. The Bank of England has given permission for this issue and others could follow, though an orderly market will be maintained.

However, the tax rules on zero coupon bonds in the UK are not favourable to stripping gilt issues. Although a corporate issue of zero coupon bonds would give the investor no tax liability until maturity or sale, investors in this issue will be charged for income tax on the imputed income they receive from the bonds.

Stockbrokers yesterday said that they had found little interest in the issue from UK taxpayers. Nor had the major institutions, which manage tax-exempt portfolios, been enthused by the offering as they believed the prices were too high.

Mr Gary Klesch, chairman of Quadrex Securities, said the issue was designed to attract foreign buyers who might wish to diversify away from the declining dollar and buy sterling instruments.

Bankers were also concerned that an active market in the issues, particularly the small "coupon" issues, would not be maintained, making the bonds difficult to trade.

Eurobonds, Page 15; See Lex

German banks agree reference rate for new domestic FRNs

BY JONATHAN CARR IN MUNICH

WEST GERMAN banks have agreed on steps which will help establishment of a domestic market in floating rate notes (FRNs), one of the new instruments whose use has been permitted by the Bundesbank since May.

Leading banks meeting in the central capital markets committee in Munich agreed on how a reference interest rate for the notes would be arrived at and which body would oversee the technical details.

Failure to agree on these matters so far has been one obstacle in the way of a German market for the FRNs.

Another, bigger problem remains – the stamp duty on securities transactions which makes it more profitable to trade in the notes abroad, particularly in London, rather than in West Germany.

The banks agreed yesterday that a reference rate will take effect from next Monday. The Frankfurt interbank offered rate (Fibor) will be based on the three-month and six-month money market rates for prime customers, as submitted by 12 German banks.

Fibor, the average of the rates submitted, will be worked out by Privat-Diskont, an institution owned jointly by German national, regional and local banks.

The accord is noteworthy in two ways.

The name Fibor marks a modest victory for Frankfurt, the country's leading financial centre. Some non-Frankfurt banks had been arguing in favour of a German interbank offered rate (Gibor).

Moreover, by agreeing on Privat-Diskont, the banks have kept the technical running of the new market among themselves. There had been suggestions that the Bundesbank might set the reference rate, a delicate task which the central bank itself was not keen to take on.

UK accountants propose new measures to combat fraud

BY GEORGE GRAHAM IN LONDON

BRITAIN'S leading accountancy body has produced proposals for a series of measures to combat corporate fraud.

Under the proposals, employers would be legally required to report fraud by their employees, while auditors should be encouraged to report any fraud by the management itself.

Accountants have come under fire in recent years for not doing more to detect fraud, and a number of leading firms are now involved in litigation over their role as auditors.

The proposals come from a working party set up last year by the Institute of Chartered Accountants in England and Wales, under the chairmanship of Mr Ian Hay Davidson, chief executive of the Lloyd's insurance market.

The idea that auditors should be encouraged to report fraud to the authorities when they uncover it anticipates the possibility that the forthcoming financial services Bill, to be introduced into Parliament later this year, will place more stringent reporting duties on them.

Under existing UK law there is no legal obligation to report any suspected crime – except treason – to the authorities. Auditors are able to report fraud to the authorities but have no actual duty to do so. In these circumstances the guidance from the accountants' institute to its members is that client confidentiality takes priority.

Mr Brian Jenkins, president of the institute, said yesterday that a central problem was that few cases are clear-cut and "it is very difficult to impose the duty to report a suspicion."

The working party's report recognises that placing a legal duty on employers or auditors to report cases of fraud by their employees would involve a far-reaching change in English law. "However, if the Government and the public wish to see a major advance in the reporting of suspected fraud, they must be prepared to contemplate radical measures of this nature," the report states.

The report says the Securities and Investments Board, which was set up to regulate financial services, should make adequate internal controls a condition for granting a licence to an investment business.

It also recommends that satisfactory internal controls should be a legal requirement for companies where depositors' or investors' assets are particularly vulnerable. The same requirement should apply for all companies above a certain size, or for all public companies.

This would require changes to existing laws, including the Banking Act.

● All businesses should be obliged to keep their clients' money in separate bank accounts. Some professions, such as solicitors, insurance brokers and estate agents, already require their members to do this.

● Companies should be required to appoint an auditor within three months of beginning to trade. This would help to ensure adequate accounting and control systems are set up at an early stage

● There should be greater penalties for failure to keep proper accounting records.

● The Government should make public money available to allow liquidators of insolvent companies to delve into suspected frauds. Greater use should be made of existing powers, and those to be introduced under the new Insolvency Act, to disqualify unfit directors from holding office and to press for criminal charges in cases of suspected fraud.

Editorial comment, Page 12

Turner seeks French satellite deal

Continued from Page 1

TDF-1 venture. Mr Murdoch was more interested in contributing to programmes for TDF-1 than taking a financial stake in the company, M Pomonti said.

Indicating the degree of international interest in TDF-1 and the lengths to which France has gone in trying to attract wide-ranging participation, M Pomonti said he had received 25 propositions to put programmes on board the satellite. About 10 to 12 of these – including the proposals from Mr Turner – focused on suggestions to take up one of the four channels.

Compagnie Luxembourgeoise de Télédiffusion, the Luxembourg broadcasting company, has been expected to take over two channels

Mr Georges Fillioud, the French Communications Minister who is overseeing plans both for satellite TV and for introduction of new commercial over-the-air television services next year, held talks yesterday morning in the Grand Duchy with M Jacques Santer, the Luxembourg Prime Minister, to try to work out details of co-operation.

Europeans 'join in battle for TWA with $1bn bid'

By Terry Dodsworth in New York

AN eleventh-hour bidder for TWA, the transatlantic airline, emerged suddenly yesterday when Mr Christopher Bond, a former Governor of Missouri, announced that he and a group of employees had put together a financing package to buy the U.S. carrier.

Mr Bond said that he had arranged financing commitments in excess of $1bn from a group of European lenders, suggesting that he is preparing a bid in excess of the $823m offered earlier in the week by Mr Carl Icahn, the Wall Street financier.

Mr Bond, a partner in a Kansas City law firm, couched his tentative proposals in patriotic local terms yesterday, saying that the stakes were high for TWA employees "as they are for St Louis and Kansas City and the whole state of Missouri."

He added that the sale of the airline to either Mr Icahn or to Texas Air, whose earlier bid was accepted by the TWA board, could mean the end of the group's passenger hub in St Louis or closure of the airline's Kansas City base, or both.

Mr Icahn has this week romped to the head of the takeover race for TWA by increasing his stake in the airline to 46 per cent in open market acquisitions. His offer is backed by the airline pilots and mechanics, who have agreed to accept lower wages in return for equity and profit-sharing. The company's unions have also made stipulations against splitting the airline, or to share in any profits made in a sale of the Icahn stake.

Mr Bond did not give the identity of the employee group he is representing, although it is not thought to represent either the pilots or the mechanics who have joined forces with Mr Icahn.

He said that he had agreed to represent the employees because worker-ownership of the airline could save thousands of jobs in Missouri. More than 25 per cent, or 7,300 workers, had already indicated that they would support the employee buyout, he added.

Paris launches Greenpeace bomb inquiry

Continued from Page 1

handling of conflicts at its South Pacific island territory of New Caledonia.

The New Zealand police, which has been co-operating closely with their French counterparts, arrested two suspects shortly after the Auckland attack. Their passports were believed to be false. A French-made boat and diving gear found near the explosion, together with the mysterious disappearance in the area of a French sailing boat, hardened suspicions of links with France.

In Paris some officials believe the attack may have been launched by extreme-right wing agitators to try to blemish France's international standing. The DGSE was reconstituted in 1982 to take over from the former French external secret service set up after the war which itself made headlines in a number of unconventional operations in North Africa in the 1950s.

● In Wellington, New Zealand, police said yesterday they might send a team of detectives to France as part of investigations into the sinking of Rainbow Warrior, Reuter reports.

"We are discussing with French authorities the possibility of sending detectives. If this takes place, our team will naturally brief the French officials," said Detective Superintendent Alan Galbraith.

THE LEX COLUMN

Shell buffeted by the waves

Shell's first-quarter numbers were clarity itself; the second quarter has been distinctly muddied by a flurry of exceptional items. Reported net income is down year-on-year from £778m to £646m – but alongside the thumping £100m write-off from the closure of the Curacao refinery are provisions for the laying-up of tankers and write-downs in metals. And tucked away at the end of the statement is a £72m profit from the sale of shares in Showa Shell Sekiyu.

When analysts peered through the murky waters to the seabed below, they decided – on balance – that the figures were disappointing, and marked Shell Transport and Trading shares down 17p to 683p.

The least impressive performance, they decided, was from Shell's downstream operations. Before it was wisely closed down, Curacao turned in a $40m operating loss for just one quarter; also fuel oil volumes fell and the pound moved the wrong way for translation purposes.

The only bright point for the sector was the strong performance of refining in Europe, which bodes well for BP's forthcoming results.

After this set of figures analysts are hastily downgrading their forecasts for the year, with net income predictions coming in between £3.1bn and £3.4bn compared with around £4bn at the beginning of the year.

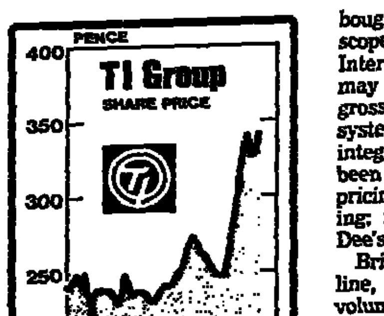
The shares have been in a narrow trading range, and with prospects for the oil price uncertain and a possible breakdown in Opec production discipline, there seems little reason for this to change.

A prospective yield of around 7 per cent might look attractive compared with the rest of the market, but BP yields closer to 9 per cent and should produce a rise in net income in its next set of figures. Of course, the most attractive punt in the sector must be Britoil at 185p, but those shares are not quite so easy to come by.

TI Group

Yesterday's 13p rise in the TI Group share price – to 343p – could have meant anything. Take-over speculation guides its movement to such a degree that the share price movement might easily have reflected disappointment with the interim results and the enhanced prospect of a bid.

Profits are, however, moving in the right direction. The first half pre-tax surplus of £12.6m was fractionally ahead of the same period last year and almost double the profit achieved in the second six months of 1984. But the ill-will which TI has accumulated over the past decade is not to be eliminated by a single set of results. The group has taken the proper corrective action in cycles and the other loss-making areas, but yesterday the City was more interested in explanations of the fall in domestic appliance profits.



If TI can retain its independence until next year, it should be in a position to mount a reasonable defence. Gearing has been held down despite heavy investment in fixed capital and product development, while future UK and U.S. earnings will flow untaxed to the bottom line.

In the meantime, TI's best defence may be the bid premium in its share price. On the assumption that the company makes £30m pre-tax this year, the prospective p/e is about 11 – almost double that of GKN, which is a much higher quality business altogether.

Dee Corp

There is no point in ignoring the role of takeovers in the growth of Dee Corporation. It would be almost like missing out the influence of the crude oil price on the affairs of Shell.

In the year to April merger activity – and merger accounting – helped propel Dee to an extra £1bn of turnover and its pre-tax profit of £64.3m was no less than 127 per cent higher than the year before.

The corresponding merit of Dee is that it uses its acquisitions to pretty good advantage. At the Dee management's preferred level of comparison, growth in earnings per share, the past year was indeed better than Dee's own 40 per cent batting average.

Looking at the things Dee has bought, it is not hard to see the scope for improving returns. The International and Lennons chains may have been operating on higher gross margins than the Gateway system into which they are being integrated, but that seems to have been the result of lazy or greedy pricing rather than of strong buying; net margins were far below Dee's norm.

Bringing the additional sales into line, and generating still further volume by re-merchandising and re-furbishing the stores, Dee should increase its overall retail margin by half a point this year.

On volume growth of around 15 per cent that widening could represent an enormous lift in profit. To gain a higher market share in wholesaling would just be jam.

Dee's prospects this year are thus pretty attractive – more than enough to wipe out any tinge of regret at the failure to pick up Booker McConnell. But most of this must already be in a share price of 270p. On a carefully nurtured low tax charge Dee's prospective multiple must still be well into double figures. To go much further the shares will need to scent another acquisition.

Stripped gilts

Two years after it scraped its knuckles on the bright idea of warrants convertible into U.S. Treasuries – which then made money for other people – Quadrex has sprung another novelty on the bond markets. In this case, Quadrex is merely adapting to the UK gilt-edged market the established trick of stripping down a government bond into its constituent coupon payments and redemption value.

The principle of giving different investors the chance to buy exactly the type of asset they want – correctly priced for particular maturities – has been a sufficient success in New York to persuade the U.S. Treasury that it was worth competing with the coupon strippers of Wall Street.

Perhaps the circumscriptions in this year's Finance Act were designed to give the UK authorities freedom to follow suit, if they wished, but without the commercial competition.

Quadrex's product – the Stag – is thus tax inefficient for UK residents, and arguably none too attractively priced for offshore lenders in the Eurosterling market. Nobody will be able to make a penny by taking the name seriously.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	24	75	Dubrovnik	C	24	75	Malaga	S	26	79	Salzburg	C	17	63
[illegible]	S	30	86	Faro	S	29	84	Malta	C	28	82	Seoul	C	33	91
Algiers	S	30	86	Florence	S	27	81	Manila	S	31	88	Singapore	C	31	88
Amsterdam	F	19	66	Frankfurt	C	18	64	Miami	C	31	88	Stockholm	C	22	72
Athens	S	30	86	Funchal	F	23	73	Milan	S	24	75	Strasbourg	C	19	66
Bahrain	S	37	99	Geneva	S	19	66	Moscow	C	29	84	Sydney	C	19	66
Bangkok	S	33	91	Gibraltar	S	24	75	Munich	F	17	63	Taipei	S	35	95
Barcelona	S	26	79	Glasgow	R	15	59	Nairobi	C	23	73	Tangier	S	30	86
[illegible]				[illegible]				[illegible]				[illegible]			

C-Cloudy D-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

Pretoria prepares new crackdown

Continued from Page 1

ficials in London, but they declined to name them.

Inter-racial violence between blacks and Indians around Durban began on Wednesday, and hundreds of Indians abandoned their homes to black looters and arsonists during the night. Residents of the Indian township of Inanda said the violence re-awakened fears of a repeat of clashes between blacks and Indians in Durban in 1949 in which 142 people died. All but one of those reported killed yesterday were black.

Observers said the violence against Indians, not a factor in other recent unrest, reflected the fact that the predominant anti-apartheid movement in the area, the Inkhata movement of Chief Gatsha Buthelezi, did not believe that all disadvantaged races needed to fight together in the liberation struggle.

The murder last Thursday of prominent black lawyer Mrs Victoria Mxenge appeared to have set off the Durban violence. Chief Buthelezi blamed the murder on the outlawed African National Congress (ANC), although Mrs Mxenge's supporters believe she was the victim of pro-government death squads, which many blacks blame for a number of recent deaths in the Eastern Cape and elsewhere.

President P. W. Botha told a press conference in Pretoria yesterday that he did not currently plan to extend the state of emergency to new areas (Durban is not covered under emergency regulations), adding: "But, if necessary, we will do it."

● The multi-billion dollar United Nations staff pension fund has sold most of its investments in companies doing business in South Africa and will complete divestiture soon, officials said yesterday.

SECTION II – COMPANIES AND MARKETS
FINANCIAL TIMES
Friday August 9 1985

Procter's 29% fall ends three decades of growth

BY WILLIAM HALL IN NEW YORK

PROCTER & GAMBLE, the consumer packaged-goods giant, yesterday announced a 29 per cent drop to $635m in its earnings for the year to June 30, ending more than three decades of uninterrupted profit growth.

The decline in earnings, from $4.35 a share to $3.80 a share, of one of the best-known blue-chip stocks in the U.S. came as no surprise to Wall Street which has been aware of the pressure on the group's profits since it reported an 18 per cent drop in earnings in its first quarter last October. Investors had been hoping the drop in annual earnings might not be as bad as expected. The shares slipped $⅝ to $56½ in early trading yesterday.

The company, which prides itself on having increased its dividend every year for the past 29 years, raised its annual dividend by 8.3 per cent to $2.60 a share last summer and analysts will be watching to see if the company is sufficiently confident about its recovery prospects to raise its dividend in the current year.

The company blames heavy spending on new products for its earnings downturn but several Wall Street analysts say the company's legendary marketing skills have been found to be lacking in some important areas. The introduction of several new products has not been sufficient to offset the pressure on earnings of some of the group's major product lines such as disposable diapers, toothpaste and detergents.

The group's earnings in its final quarter fell 37.2 per cent to $115m, or $0.69 a share, which only just covers the quarterly dividend of $0.65 a share. Sales rose by 2.8 per cent in the final quarter to $3.3bn and for the year sales were just 4.7 per cent higher at $13.55bn.

Mr Owen Butler, chairman, and Mr John Smale, chief executive said in a statement they were disappointed in the earnings results for this fiscal year. However they believed the strategy which led to the results was correct because "the company is stronger and healthier today as a result."

The statement added: "We also believe the foundation has been laid for a return to higher growth rates in both volume and earnings."

"The only healthy way to build increased earnings is by increasing volume. The key to establishing the foundation for future volume growth has been the restructuring of our business as we expand into new and related categories of products."

In the U.S. all but one of the group's domestic consumer product divisions achieved higher volume in the latest financial year and this reflected new brands introduced during the past couple of years. Fiscal 1985 marked the second consecutive year of significant investment spending on new brands and the company says that "in the main, these new products are doing well, despite strong competitive activity."

Domestic net earnings fell 26 per cent to $521m and the company says in the coming year it expects a "healthy improvement" in this segment of profits. Overseas earnings fell 23 per cent to $96m.

BI-Invest to sell most of its Gemina stake for L100bn

BY ALAN FRIEDMAN IN MILAN

BI-INVEST, the Italian financial and property holding company in which the Montedison chemicals group has taken a 37 per cent controlling stake, has agreed to sell for L100bn ($52.7m) most of its 17.4 per cent shareholding in Gemina, the financial vehicle which is controlled by Fiat, Pirelli and others. The buyers are the other Gemina shareholders.

Gemina is Montedison's largest declared shareholder, with a 17.1 per cent stake in the chemicals group. Gemina also controls the Rizzoli publishing group, which includes the Corriere della Sera newspaper.

In selling about seven-eights of its stake in Gemina, BI-Invest will receive cash badly needed to pay for its recent acquisition of a 2 per cent stake in Montedison (L40bn and 2 per cent of the Ferruzzi group (L7bn). Both acquisitions were made by BI-Invest as part of a defensive strategy designed to block Montedison's attempted takeover.

Fiat, Pirelli and other Gemina shareholders are paying nearly double the market value for the Gemina shares they are acquiring.

After the sale of most of its Gemina stake, the BI-Invest group will be left with a symbolic 2.5 per cent holding in Gemina. This, together with BI-Invest's additional 2 per cent direct stake in Montedison, ensures that the defensive strategy of blocking Montedison under Italy's rules on cross-holdings remains in place. But it is also seen as a symbolic signal by Italy's financial establishment – which means the Agnelli family of Fiat fame and others – that Sig Carlo Bonomi, BI-Invest chairman and holder of 30 per cent of its shares has not been abandoned.

In a separate development, it was learned yesterday that BI-Invest has received indications that Montedison is preparing to make an offer for the Bonomi family stake in BI-Invest. If this were to occur – and sources close to Montedison say it will happen by mid-September – Montedison would probably choose to merge BI-Invest with Meta, its own diversified holding subsidiary.

In the past few days the BI-Invest share price has been rising steadily on the Milan bourse amid reports that allies of Montedison may now hold a further 5 per cent bringing the total shares held by the chemical group and its associates above the 40 per cent level.

Sig Cesare Romiti, Fiat managing director, has been serving as a go-between in searching for a solution to the Montedison-BI-Invest corporate clash, which more than any other episode in recent history has disturbed the delicate balance of power in Italy's financial establishment.

The only face-to-face meeting between Sig Mario Schimberni, Montedison chairman, and Sig Bonomi of BI-Invest occurred on Friday, July 5 when Sig Schimberni is understood to have told the BI-Invest chairman that he could remain as head of a merged Meta-BI-Invest group. Sig Bonomi did not reply to the offer.

Pharmacia profits up 17% in first half

By David Brown in Stockholm

PHARMACIA, the Swedish pharmaceuticals and biotechnology group, reports profits after financial income for the first six months rose by 17 per cent to SKr 368.2m ($43.7m).

Total sales and licensing income climbed 25.8 per cent to SKr 1.75bn, and operating results after depreciation by 22 per cent to SKr 348m.

The rise in turnover – some 40 per cent of which is generated in the U.S. – is attributed to higher volumes combined with positive exchange-rate developments under forward-sales contracts.

However, fierce price competition in the pharmaceuticals and diagnostics division, which accounts for three quarters of total sales, helped produce slightly lower margins.

Overall, assuming a relatively stable dollar rate, the forecast for a 20 per cent rise in full-year profits after financial items from the SKr 634m achieved in 1984 still stands, said Mr Erik Danielsson, the managing director.

Sales for the pharmaceutical division rose 23 per cent to SKr 1.17bn, with particularly strong developments in the ophthalmology and infusion products unit. The biotechnology division reports a 33 per cent rise to SKr 421m and has been able to push through some price increases.

During the period, a deal giving Pharmacia global marketing rights to a new eye-surgery aid was concluded with Biomatrix of the U.S. The ophthalmology and infusion products unit introduced several new products, while the Debrisan wound-treatment drug was launched in the UK and France.

Sales of Crescormon human growth hormone, developed and produced by Sweden's Kabivitrum, but formerly sold by Pharmacia in some markets including the U.S., have been stopped due to concern about its potentially carcinogenic properties, resulting in a loss of some SKr 10m to SKr 15m in turnover during the reporting period.

Danish banks plan identical rights issues

By Hilary Barnes in Copenhagen

TWO OF Denmark's biggest banks, Danske Bank and Privatbanken, announced new share issues yesterday on identical terms. Both will make one-for-six rights issues priced at 250 per cent of face value.

Although the shares will be priced well below the market price, the banks are nevertheless breaking with a long tradition of rights issues made at 105 per cent.

Danske Bank is issuing DKr 200m ($19.5m) of shares at nominal value, taking share capital from DKr 1.21bn to DKr 1.41bn, Privatbanken's issue is DKr 150m and will increase share capital to DKr 1.05bn.

Danske Bank, the largest commercial bank, announced a 51 per cent improvement in first-half operating profits from DKr 391m to DKr 591m. The adjustment of the portfolio values also added DKr 1.14bn to profits before bad-loss provisions and tax, resulting in a record profit of DKr 1.73bn, compared with last year's first-half loss of DKr 132m.

Earnings for the year are expected to improve on 1984, said the bank, assuming bond prices, which have a decisive effect on the portfolio adjustment, remain satisfactory.

Terry Dodsworth looks behind the scenes at the bid for MGM/UA

Ted Turner's celluloid dream

METRO-GOLDWYN-MAYER, the film studio which once claimed to have "more stars than there are in the heavens," will soon have a different kind of star at the helm if the plans of Mr Ted Turner, the maverick entrepreneur of the U.S. television industry, come to fruition.

In a transaction signed this week, Mr Turner pulled off a characteristic deal, a takeover sprung on the world just at the moment when he seemed down for the count, felled by the failure of his bruising battle for CBS, the country's premier televison network.

Equally typical of the Atlanta-based broadcaster, is that he is gambling as heavily on the film company as any of the punters who used to frequent its former casinos.

The price of $29 a share he is paying for MGM/UA – the combined studio and distribution company formed from Metro-Goldwyn-Mayer and United Artists in 1981 – is around $4 more than most Wall Street analysts believe it is worth, and well over double the market price of the shares before takeover speculation began to push them up.

Part of the $1.5bn acquisition cost is being financed by selling off the the United Artists division in a related deal to Mr Kirk Kerkorian, the main investor in the group, for $470m. But that still leaves Mr Turner to find more than $1bn, a sum which his master company, Turner Broadcasting Systems (TBS) certainly does not have, and which will have to be raised by some form of innovative financing.

Wall Street is dubious that this amount of finance can be serviced from the revenues of the proposed new slimline MGM. Indeed, on the past record, analysts say its cash flow will be insufficient to meet interest payments, particularly if the funds are raised totally through high-yielding "junk" bonds.

These questions explain why, in the Turner camp, efforts are now being made to suggest other forms of financing such as sale and lease-back arrangements, even though TBS has hired Drexel Burnham Lambert, the acknowledged Wall Street specialist in high-yielding paper.

Other analysts point out, however, that it is always dangerous to concentrate too much on the past record of the companies Mr Turner takes over. His forte is in spotting opportunities and moulding the enterprises he absorbs to his own vision of broadcasting. In this, he is similar to Mr Rupert Murdoch, the Australian-born publisher whose headlong U.S. expansion has also recently taken him into both film studios and television

On the face of it, Mr Turner, who has sprung to prominence by challenging the established networks through a satellite-based system, will be aiming to use MGM as a platform for his burgeoning television ambitions in three ways.

First there is the studio itself. The dominant company in the early days of the film industry, with stars such as Buster Keaton, Clark Gable and Judy Garland on the payroll, MGM has had a patchy record of late. Only a few months ago it brought in Mr Alan Ladd junior to head film production in response to losses of $86m in the first nine months of its fiscal year.

It will clearly be no mean feat to turn the studio back into the money-spinner it once was, particularly since its two most successful products in the last few years – the James Bond and Rocky series – have come from the United Artists stable. But MGM nevertheless remains one of the seven large traditional studios, with a wealth of experience in both feature films and television programmes.

Second, the group has a large film library. This includes such old classics as Singin' in the Rain, Ben Hur, How the West was Won, The Wizard of Oz, 2001, and the Elvis Presley movies – priceless commodities for re-runs and packaging to television audiences all over the world.

Prices of Hollywood libraries have been bid up steadily in recent years, mainly because of television's insatiable appetite for material. In the last four years, MGM/UA's revenues from television distribution and home video and pay television have risen from $108m to $348m.

Third, MGM has a world-wide distribution network which TBS will also be able to use. TBS itself produces some television programmes, as well as its CNN cable television news network, and has aggressively pursued ways of distributing these as widely as possible.

The company has sought links with Europe and only this week, in a deal which combines both new programming and sales, Mr Turner announced an accord with the Soviet broadcasting and athletics authorities to stage four-yearly international games, which he would broadcast to the U.S.

For Mr Kerkorian, who has had an interest in MGM since 1969, but has rarely shown a consuming interest in film making, the deal has a much more straightforward financial appeal. He has been noted since he took his first investments in the company for shuffling its assets and making money out of its former non-film interests, such as hotels and casinos.

He acquired United Artists after it was bombed out financially by Heaven's Gate, one of Hollywoods worst financial disasters, in 1981. Under the deal with Mr Turner, he will collect half the $1.5bn being paid for MGM/UA, in which he has a 50 per cent stake, then buy back United Artists for $470m, keeping its invaluable film library.

He then proposes to reduce the cost of the UA acquisition by offering shares in it to former MGM/UA shareholders. Some of them will presumably be attracted by the values lying in the James Bond series and Apocalypse Now, to say nothing of earlier films made by Charlie Chaplin, Douglas Fairbanks and Barbra Streisand – as well as the rewards to be gained by hanging onto Mr Kerkorian's coat-tails.

Consortium bids $472m for MTV

MTV Networks, the fast-growing round-the-clock video music channel which is supplied to more than 27m U.S. cable TV subscribers, has received a bid from a group of investors and its management, valuing the company at $472m, writes our New York Staff.

MTV announced yesterday that it had received a $31 per share cash offer from Forstmann Little & Company, a firm which specialises in leveraged buy-outs, in association with certain members of the MTV management, to purchase all of the shares.

MTV's major shareholder is the Warner Amex cable TV joint venture which is in a state of flux while its two owners, Warner Communications and American Express, decide on its future.

Warner Amex, which owns two thirds of MTV, floated off a one-third stake in MTV on the over-the-counter market at $15 per share a year ago.

Following the news of the proposed offer, MTV shares jumped $3⅛ to $30½ in early trading yesterday.

The offer assumes that Warner Communications will excercise its option to purchase all of the interest held by American Express in the Warner Amex joint venture. Warner has until August 14 to decide whether to purchase American Express' interest, or to sell its own interest to American Express, for $450m.

Since it was started in 1981, MTV has built up a big following among younger TV watchers with its 24-hour music videos. In its last financial year it had revenues of $109.5m and net income of $11.9m, or 78 cents per share.

Raw material prices hit Brascan result

By Robert Gibbens in Montreal

BRASCAN, the Canadian financial services, resources and consumer products group controlled by the Peter and Edward Bronfman interests of Toronto, suffered a 25 per cent setback in second-quarter net profit because of depressed prices, especially for pulp and aluminium.

This left first-half net earnings down at C$40.5m ($29.7m) or 84 cents a share, from C$47.8m or C$1.28, a year earlier, on revenues lower at C$111m, against C$122m.

In the latest quarter, profit fell C$6.9m to C$20.5m, or from 77 to 43 cents a share, on turnover down from C$67.9m to C$58.5m.

The company, which had forecast a decline, said commodity prices continue to depress contributions from its natural resource sector, but the performance of all other areas of operations has been satisfactory.

Amro lifts earnings 40% in six months

By Laura Raun in Amsterdam

AMSTERDAM Rotterdam Bank (Amro) boosted its earnings 40 per cent to Fl 142m ($44m) in the first half compared with the corresponding period a year earlier and plans to increase its interim dividend from Fl 1.50 to Fl 1.80.

The profit surge was in line with Amro's expectations of a significant increase from the first half of 1984, when net income was depressed by losses at the European American Bank, in which it has a 17 per cent stake.

The economic recovery helped lift interest income 6½ per cent to Fl 1.2bn, despite slightly lower interest margins, as the loan portfolio expanded nearly 7 per cent to Fl 68.5bn. Commission income rose nearly 9 per cent to Fl 432m amid buoyant securities markets while total income grew 8 per cent to Fl 1.8bn.

Costs, meanwhile, rose 6 per cent to Fl 1bn – more slowly than in the past – and loan loss provisions of Fl 462.5m were Fl 12.5m lower than in the first half of 1984. That compares with provisions of Fl 950m for all of last year.

Amro, the second largest bank in the Netherlands, repeated its forecast that profit for all of 1985 would rise above the Fl 252m last year.

Shareholders' equity at June 1 increased 16 per cent to Fl 3.5bn from a year earlier, and increased to Fl 3.7bn when adding the proceeds of a rights issue in July. Earnings per share jumped 26 per cent to Fl 3.84, based on the share increase from a private placement and dividend payout, but excluding the July rights issue.

The Fl 1.80 interim dividend will be paid in cash or a combination of cash and ordinary shares.

Total assets grew by 9 per cent to Fl 133.5bn at June 30.

Revival of confidence sparks new issues

BY MAGGIE URRY IN LONDON

NEW-ISSUE activity was at a high level in the Eurobond market yesterday, with deals coming in a number of different currency sectors, as prices in many markets improved with higher, though still modest, retail activity.

Late in the day Goldman Sachs took advantage of a firm Eurodollar bond market to launch a $200m issue for Citicorp – a sign that confidence in the market is recovering.

The deal came on fine terms, a 10 per cent coupon for the three year bonds with issue price of 100⅜. Fees total 1⅞ per cent, giving Citicorp a cost of borrowing of 54 basis points above the yield on U.S. Treasury securities.

Also in the Eurodollar market, Sumitomo Metal Industries and Kawasaki Steel launched issues which are expected to be sold mainly in Japan. The former issue, led by Yamaichi International Europe, raises $100m for five years with a 10⅜ per cent coupon and 101⅜ issue price. The Kawasaki deal is for $50m with a 10-year life, a 10⅜ per cent coupon and 101⅜ issue price. This was led by Banque Paribas.

Belgium's expected DM 500m floating rate note issue in the Euro-D-Mark market was launched by CSFB-Effectenbank. This is not listed but will be traded on the unofficial market in Frankfurt.

The bond has a 12-year life and pays interest 1/16 per cent above the six month London interbank offered rate for D-Marks. Fees total 20 basis points, but the bonds traded well inside that discount around 99.95.

Fixed rate D-Mark bonds were trading actively yesterday, helped by a weaker dollar and stronger New York bond market. Prices gained as much as ½ point as traders became more convinced that an interest rate cut would come soon.

In the Eurosterling market, interest concentrated on the issue of zero coupon bonds, which are effectively stripped UK government stocks. The deal, led by Quadrex Securities, met scepticism from some traders who noted that tax considerations would make the bonds unattractive to UK residents. Others said the issues looked overpriced. However, all were bid within their commissions by the lead manager.

The bulldog issue for Australia was well oversubscribed yesterday following a strong opening to the gilt-edged market. Allotments were heavily scaled down except for applications of up to and including £2,000, which will be allotted in full.

Another Euroyen dual-currency issue was launched, this time for IBM Credit. The issue raises Y25bn and will be repaid in dollars at an exchange rate of Y208 to the dollar, after 10 years. Meanwhile an 8 per cent coupon will be paid in yen.

The issue was led by S. G. Warburg with Nomura International running the books, and IBJ International and Daiwa Europe. Issue price was set at 101⅜ and fees total 2 per cent. Little trading in the issue was seen

The Euro-Danish krone market, which has been quiet recently, received its largest issue yet, a DKr 300m issue by Dansk Naturgas, which is guaranteed by Denmark. The deal, led by Den Danske Bank, has a seven-year life, a 10 per cent coupon, and is issued at 100½. Fees total 1⅞ per cent.

The shortage of supply and the quality name ensured a good reception for the deal, which traded close to par.

In the Swiss franc foreign bond market another dual-currency issue for a U.S. corporate appeared – a SwFr 150m deal for Mobil led by UBS. It is Mobil's first Swiss franc issue. The bonds mature after 10 years and will be repaid at a rate of $2,475 per SwFr 5,000 bond. The coupon is 7 per cent and issue price par.

The early signs of a return from holiday of Swiss investors were discernible yesterday, though prices in the secondary market were little changed.

International bond service, Page 17

INTL. COMPANIES & FINANCE

Kuwaiti banker faces $74m loan suit

By Our Financial Staff

MR HUSSEIN MAKKI al Jumaa, a leading Kuwait and international banker, is being sued in the High Court in London for default on a personal loan amounting to $73.9m.

Mr Jumaa is the managing director of Al Alahli Bank in Kuwait, one of the country's major commercial banks. The loan, originally $80m, had been raised in a deal lead managed by al Bahrain Arab African Bank, an offshore banking unit in Bahrain. It was joined by some 20 international banks, many of them from the Gulf region. They include First National Bank of Chicago, Amro Bank, four Kuwaiti institutions, two Saudi banks and a number of European/Arab banks.

The original loan is thought to have been backed by 140 per cent cover on collateral consisting of shares quoted on the Kuwait market. With the spectacular decline seen on the Kuwait Stock Exchange in the last three years, this cover has now been whittled down to about 30 per cent, estimated one financial expert in the region.

Mr Jumaa's financial activities are spread all over the world. Among other posts, he is director of UBAF Paris, UBAF Bank London, Swiss-Kuwaiti Bank and holds the chairmanships of UBAN International Ltd, Hong Kong, and of the Bahrain Kuwait Investment Group. He is also vice-chairman of the Arab International Bank Bahrain and the UBAF Arab International Bank.

At home in Kuwait, he holds extensive property interests and is connected with a number of closed shareholding companies and companies previously quoted on the Souk al Manakh unofficial stock market. They include Pearl Investment and First Gulf Bank in the Emirates.

Internationally, Mr Jumaa has been one of the region's more colourful high fliers, brought to prominence by the oil boom of the 1970s and the bonanza of the Souk al Manakh stock market. He is known locally as one of the market's hamour (big fish), having been one of the Manakh's most active punters.

Unlike other participants, however, Mr Jumaa has not been referred to the government receiver, as have 280 other Kuwaitis. His dealings are thought to have involved other senior personalities in Kuwait. His referral to the government receiver could, therefore, prove politically sensitive in Kuwait.

Mr Jumaa is also one of the city's most important Shia merchants, whose rise to prosperity has been much admired by his co-religionists in Kuwait.

The political sensitivities of the case could prove to be a factor in any effort by the banks to recover the debt in the Kuwait courts. The rights of foreign creditors versus local creditors are still not clear, but foreign banks are not allowed to take mortgages or charge income from assets.

Another problem is that if the banks in the syndication seek permission to sell the shares which back the loan, prices on the local stock market are likely to plummet further, for a sale of such a size could not be absorbed by the market at this time. Shares also constitute a principal form of bank collateral in Kuwait, which is becoming increasingly uncovered.

Insiders say the banks may first attempt to search for assets in Britain and Europe. After that, they are considering a court action in Kuwait. However, there is no treaty of reciprocity on legal judgments between Britain and Kuwait.

Coles-Myer merger given go-ahead

By Michael Thompson-Noel in Sydney

THE PLANNED A$1.1bn (U.S.$770m) merger of G. J. Coles and Myer Emporium, two of Australia's biggest retailers, was sanctioned yesterday by the Trade Practices Commission (TPC) and by the Foreign Investment Review Board (FIRB).

The merger—Australia's biggest—has been criticised by some consumer groups. Yesterday, the TPC said it would not intervene, although it thought the deal would bring no public benefit.

In contrast, Mr Paul Keating, the Australian Treasurer, perceives net economic benefit in the deal. As a result FIRB approval—necessary because the U.S. K-Mart Corporation owns 21 per cent of Coles—was given.

The TPC said Coles had told it that it would sell its 9.9 per cent stake in Woolworths, another Australian retailer, at an appropriate time. It added that it would study the results of the merger with vigilance.

The new group will have annual sales of more than A$10bn plus.

Banks reconsider support for Sanko Steamship

BY CARLA RAPOPORT

THE possibility of the largest corporate failure in Japan since the war loomed closer yesterday with reports that the principle creditors of Sanko Steamship, one of the world's largest tanker operators, have decided to refuse it further loans.

Following the suspension of Sanko's shares on the Tokyo Stock Exchange yesterday, the company denied that its three main banks had refused further support. Nonetheless, a statement from Daiwa Bank on behalf of the three did not deny the reports but said that the banks were now considering whether to continue their support of the group. Share dealings will be resumed today.

Reports of the banks alleged withdrawal of support for Sanko surfaced yesterday in leading Japanese newspapers. Last week, Sanko announced that its accumulated losses were Y212bn ($890m) as of last March. Sanko's bankers are currently supplying it with Y5bn a month to keep operations going. The reports alleged that this support will be withdrawn by the end of this month.

Government officials pointed out yesterday, however, that the newspaper reports may have been leaked by the banks, which are anxious to force a government rescue for Sanko. Two plans are currently under consideration. One envisages a government-supported fund for scrapping surplus tanker capacity. The other is for establishing a public company which would buy out surplus capacity.

While Sanko's bankers—which include the Long-Term Credit Bank of Japan and Tokai Bank, in addition to Daiwa—favour the second plan, it is understood that this idea has already been shelved by the Government. As a result, according to some government officials, the bankers are seriously considering the withdrawal of their support.

Decline at two top Singapore banks

BY CHRIS SHERWELL IN SINGAPORE

UNITED OVERSEAS Bank (UOB) and Oversea-Chinese Banking Corporation (OCBC), two of Singapore's "big four" local banks, have reported lower profits for the six months to June.

The results follow similar disappointing figures from the government-controlled Development Bank of Singapore on Tuesday, and are in line with the decline in the island state's economy this year. Singapore faces zero or negative growth in 1985.

UOB reported an 11 per cent drop in group net profits to S$62.5m (US$28.3m) after exceptional losses of S$14.4m. Before these losses, which arose from provisions against investments in the collapsed Overseas Trust Bank of Hong Kong and the closed Singapore Monitor newspaper, profits rose 3.3 per cent to $S76.9m.

OCBC's net profit for the same period also showed a decline, of 5.76 per cent to S$64.4m at the group level, but the figure puts it in line to become the top local bank in terms of attributable earnings, toppling UOB.

DBS, the largest local bank in terms of assets, reported an after-tax group profit of S$49.7m for the first six months, against S$53.3m in the same period last year.

UOB declared a tax-exempt 15 per cent bonus dividend to commemorate its 50th anniversary, on top of an interim pre-tax 8 per cent dividend. OCBC's dividend was unchanged at 6 cents.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. The following are closing prices for August 8.

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amex Credit 10⅞ 90	100	101	101½	+0⅜	−0¼	10.59
Amex Credit 12⅝ 88	150	105½	106	+0⅜	−0⅝	10.36
Atlant Richfld 10¼ 00	250	92¾	93¼	+0⅜	+0¼	11.25
BP Capital 11⅛ 92	150	101⅜	101⅞	+0⅝	+0¼	10.73
Canada 11½ 90	500	104¼	104¾	+0½	−0⅛	10.19
Canadian Pac 10¾ 93	100	99⅝	100⅜	+0½	+0⅛	10.74
Canadian Pac 12½ 99	75	106⅜	106⅞	+0¼	−0⅛	11.52
CBS Inc 11⅜ 92	100	101	101½	0	−1	11.09
Chevron U.S.A. 12¼ 89	600	104⅛	104⅝	+0⅜	−0⅛	10.86
Citicorp 11½ 95	150	100¾	101¼	+0⅜	+0¼	11.31
Coca Cola 11¾ 91	100	106½	107	+0¼	+0¼	10.21
Denmark Kingdom 11¼ 89	100	101⅝	102⅜	+0⅛	−0¼	10.54
Denmark Kingdom 11½ 90	100	102½	103	+0¼	−0¼	10.78
Denmark Kingdom 11½ 92	100	101⅜	101⅞	+0¼	−0⅝	11.11
Denmark Kingdom 13¼ 91	100	109⅛	109⅝	+0½	+0⅛	11.05
E.D.F. 10 95	225	94¼	94¾	+0⅝	+0⅝	10.93
E.E.C. 11⅛ 90	100	102⅛	102⅝	+0⅜	−0¼	10.48
E.I.B. 12 95	200	105⅛	105⅝	+0½	−0¼	11.05
E.I.B. 13 98	200	109⅞	110⅜	+0⅜	+0¼	11.34
Export Dev Corp 10 90	100	98½	99	+0⅜	+0⅛	10.32
Export Dev Corp 12 89	100	105⅛	105⅝	+0⅜	+0⅜	10.34
Fed Dep Stores 10⅛ 95	100	94⅜	94⅞	+0¼	−0⅞	11.04
Ford Motor Cred 11⅜ 90	100	101¾	102¼	+0⅝	+0¼	10.75
Ford Motor Cred 11⅝ 95	100	†101	101½	+0⅞	+0⅜	11.38
Ford Motor Cred 11¾ 92	100	101½	102	+0⅜	+0¼	11.34
Ford Motor Cred 12 95	100	102⅞	103⅜	+0⅜	−0¼	11.42
Gen Elec Credit 10¼ 00	200	100⅛	100⅝	+0⅜	+0¼	10.19
GMAC 10¼ 89	200	100⅛	100⅝	+0½	0	10.10
IBM Credit 10⅜ 2000	300	101	101½	−0¼	+0⅝	10.19
Japan Air Lines 13⅝ 94	180	116	116½	+0½	+0½	10.48
Kellogg Company 10⅞ 90	100	101¼	101¾	+0½	+0½	10.40
Kellogg Company 11¼ 92	100	102¼	102¾	+0⅞	+0⅜	10.68
L.T.C.B. 12⅞ 91	100	108	108½	+0¼	−0¼	10.95
Macy Cred Corp 11¾ 95	100	102⅝	103⅛	+0⅜	−1⅜	11.21
Mellon Bank 13 87	100	105⅛	105⅝	+0⅜	0	9.97
Merrill Lynch 12¾ 89	100	105	105½	+0⅝	+0⅛	11.08
Minnesota 11½ 87	100	102⅞	103⅜	+0⅛	−0⅛	9.88
Mitsui Trust 11⅜ 90	100	†101	101½	−0⅛	−0¾	11.26
Morgan Guaranty 12⅜ 89	150	105⅝	106⅛	+0⅜	+0⅛	10.54
Penney J.C. 12¾ 91	100	105⅞	106⅜	0	−0⅜	11.29
Pru Realty secs 12⅛ 95	546	105	105½	+0⅞	−0½	11.17
Qantas Airways 10⅜ 95	140	97⅛	97⅝	+0½	+0⅜	10.81
Quebec Hydro 11½ 92	100	103	103½	+0½	+0⅜	10.81
Queensland Govt 10¾ 95	100	96	96½	+0¾	+1	10.88
Ralston Purina 11¾ 95	150	102¾	103¼	+0¾	+0¾	11.21
Ralston Purina 12¾ 89	100	106¼	106¾	+0⅜	−0¼	10.71
Saskatchewan 10¾ 92	100	100	100½	+0⅝	+0⅛	10.67
Saskatchewan 11⅞ 89	100	104⅝	105⅛	+0⅝	0	10.37
S Wales Trsy 11¾ 90	150	104¼	104¾	+0½	+0⅛	10.46
Swed Exp Cred 10 92	100	96⅝	97⅛	+0¼	0	10.88
Swed Exp Cred 12¾ 89XW	100	106⅜	106⅞	+0¼	0	10.65
Sweden Kingdom 10⅞ 90	200	101⅛	101⅝	+0¾	+0⅜	10.47
Sweden Kingdom 11½ 89	200	103¼	103¾	+0⅜	−0⅛	10.42
Sweden Kingdom 11¾ 94	100	103⅝	104⅛	+0⅝	+0⅛	11.04
Tenneco Corp 10¾ 95	150	98⅞	99⅜	+0½	−0⅛	10.88
Texaco Capital 11⅛ 95	250	99¾	100¼	+0⅝	+0¾	11.11
Texaco Capital 12⅞ 87	300	105⅛	105⅝	+0⅜	0	9.85
Tokai Asia 11½ 95	100	101⅞	102⅜	+0¾	+0⅜	11.12
Victorian Rep 11⅝ 92	150	103	103½	+0½	+0¼	10.88
World Bank 12¼ 94	150	106⅛	106⅝	0	−0¼	11.09
World Bank 12⅞ 94	200	109⅞	110⅜	+0¼	−0½	11.04

Average price change On day +0½ on week 0

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev Bank 8 94	200	106⅛	106⅞	+0½	+0⅝	7.01
Austria Republic 7⅝ 94	200	104⅜	105⅜	0	+0⅞	6.93
Baxter Travenol 7¼ 94	200	102⅝	103⅜	0	−0¾	6.77
Copenhagen 7⅜ 95	150	101⅜	102⅛	+0¼	+0⅞	7.11
Credit National 8⅛ 94	200	105⅞	106⅝	0	+0⅛	7.11
E.I.B. 7¼ 94	300	102	102¾	+0¼	+0⅜	6.88
Escom 8 92	150	95⅛	95⅞	−0⅛	−0⅜	8.91
Ex-Im Bk Korea 7⅜ 90	100	98¼	99	0	−1¾	7.97
Ferrovie Dello Stato 8 91	100	104⅞	105⅝	+0¼	+1¼	6.94
Finland Republic 7 92	200	101⅛	101⅞	+0¼	+0½	6.69
Gould Int Fin 7⅝ 91	100	104⅜	105⅛	+0¼	+0⅛	6.69
Ireland 8⅛ 92	150	105¼	106	+0⅛	−0¼	7.04
Japan Fin Corp 7⅜ 91	100	104	104¾	0	+0⅞	6.70
Mitsubishi Hvy 3½ 89WW	300	139	139¾	+0⅝	+0⅛	−4.95
Mitsubishi Hvy 3½ 89XW	300	92⅛	92⅞	+0½	+1⅛	5.94
Mitsubishi Met 3⅛ 89WW	100	105	105¾	+0½	+1⅝	1.89
Mitsubishi Met 3⅛ 89XW	100	88⅝	89⅜	+0⅛	+0¾	6.06
Quebec Hydro 7⅛ 95	200	101⅞	102⅝	+0⅜	+0½	6.89
Renfe 7¾ 95	100	103⅝	104⅜	+0¼	+0⅞	7.16
Renown 3⅛ 90	80	105⅜	106⅛	−0⅛	−2¼	1.86
Soc Cent Nuclear 7⅞ 95	150	100⅝	101⅜	+0⅛	+0¾	7.19
Societe Cent Nuclear 8 91	100	107⅛	107⅞	+0¼	+0¾	6.43
Sth African Tran 7⅝ 92	100	94⅛	94⅞	+0¼	+1½	8.66
World Bank 7¾ 89	100	103	103¾	0	+0⅛	6.82
World Bank 8 94	200	106⅜	107⅛	+0⅛	+0⅜	6.91

Average price change On day +0¼ on week +0⅜

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
African Dev Bk 6¼ 94	100	†101¼	101½	−0¼	0	6.05
Avon Cap Corp 5⅝ 94	130	†99	99¼	−0¼	−0¼	5.49
Brit land Comp 6½ 99	75	†103	103¼	+0½	0	6.16
Council of Europe 6 92	120	†101½	101¾	−0¼	−0½	5.72
Creditanstalt 5½ 94	100	†*99½	99¾	+0¼	+0¾	5.69
Deutsche Bk Fin 5⅜ 95	100	†101	101¼	0	+1	5.22
E.I.B. 5⅞ 94	120	†100¾	101	+0¼	−0¼	5.75
Export Dev Corp 5⅜ 92	125	†101½	101¾	0	+1	5.09
Gen Occidentale 4½ 94	80	†*102½	102¾	+0½	+0½	4.15
I C Industries 5⅝ 94	125	†*100	100¼	+0¼	+0¾	5.60
Ind Fund Fin 5¾ 94	40	†100	100¼	0	0	5.73
Int-Am Dev Bk 6⅛ 94	120	†102½	102¾	0	0	5.75
N.Zealand steel 5¾ 96	70	†99	99¼	+0½	0	5.85
Oberoe Kiwk 5⅝ 95	100	†*99¼	99½	0	0	5.69
Ralston Purina 5⅝ 94	125	†*100	100¼	+0½	+1	5.35
Santos Finance Ltd 6 94	130	†98¾	99	−0¼	−0¼	6.16
Tokyo Elec Pwr 5½ 93	120	†*99½	99¾	0	0	5.73
Tokyo Metropolis 5¼ 94	80	†99½	99¾	−0¼	−3¼	5.44
World Bk 5¾ 94	150	†101¼	101½	+0¼	−0¼	5.55

Average price change On day +0⅛ on week 0

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Finland Republic 6¾ 90	15	100	100½	+0⅛	−0⅛	6.64
Gdyr Tr & Rubber 7⅛ 95	25	99⅝	100⅛	+0⅛	0	7.20
Mort Bk Denmark 7 92	10	100⅛	100⅝	0	−0¼	6.92
New Brunswick 7⅛ 95	10	101⅜	101⅞	+0⅛	−0⅛	6.89
World Bank 6⅝ 90	25	100⅜	100⅞	+0⅛	0	6.46

Average price change On day +0⅛ on week −0⅛

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia Com 12⅞ 90SA	125	102¼	103¼	+0½	+0¼	12.10
Citicorp Aust 13½ 88SA	40	100⅞	101⅞	0	−0⅜	12.88
CSR Finance 13¼ 90 SA	40	99⅞	100⅞	−0½	−1⅛	13.12
Nissho Iwai 13¼ 90 SA	30	99⅞	100⅞	+0⅛	+0⅛	13.12
Amex 10¾ 90 CS	50	†100⅜	100⅞	+0⅛	+0½	10.57
Genstar Fin 11¾ 95 CS	75	†97¼	97¾	0	+0½	12.19
Hamil-West'th 10¾ 95CS	25	†95	95½	0	0	11.57
Loblaw Cos 11⅜ 92 CS	50	†99¼	99¾	+0⅛	+0¾	11.72
New Brunswick 11⅜ 95CS	75	†100	100½	+0⅞	+0½	11.57
Shell Canada 11¼ 92 CS	75	†100	100½	+0⅜	+0⅞	11.19
Winnipeg City 10⅝ 90CS	50	†98¾	99¼	+0¼	+0¼	10.89
BP Capital 16 88 NS	50	98¾	99¾	+0¼	−0¾	16.33
Danish Ex Fin 16⅛ 90NS	40	95½	96½	−0¼	+0¼	17.37
KB Finza 16⅝ 90 NS	50	97⅛	98⅛	+0¼	+1⅝	17.11
C.N.T 9⅝ 92 ECU	75	105¾	106¼	0	−0¼	8.52
C.N.T 9⅞ 95 ECU	75	103⅜	104⅛	0	−0½	9.26
Eurofima 9⅝ 93 ECU	50	104⅞	105⅜	+0⅛	−0¾	8.42
Eurofima 7½ 92 FL	50	103¾	104¼	+0⅛	+0¾	6.73
Philips Lamps 7½ 90 FL	100	103⅜	103⅞	+0⅛	+0½	6.57
Rank Xerox 8 90 FL	100	105⅛	105⅝	+0⅛	+0⅜	6.63
Van Lanschot 7½ 90FL	50	102⅝	103⅛	0	+0⅞	6.78
World Bank 7½ 90 FL	150	103⅜	103⅞	+0⅛	+0⅞	6.58
IBM France 11⅛ 90 FF	700	99⅜	99⅞	0	−0½	11.21
Amer Express 11⅜ 92 £	30	*103½	104	−0¼	−0¼	10.53
Australia Comm 11 92 £	40	99	99½	+0⅛	−0⅞	11.14
BP Capital 10¾ 92 £	50	98⅜	98⅞	+0⅛	−1	11.03
E.I.B. 11⅛ 93 £	50	99⅞	100⅜	0	−1⅛	11.07
GMAC UK Fin 10½ 90 £	30	98⅛	98⅞	+0¼	+0⅛	10.90
Imp Chem Inds 11¼ 95 £	75	100	100½	+0⅛	−1¼	11.20
Inco 12¾ 93 £	50	102½	103	+0⅜	0	12.13
Mcdonalds 10⅞ 90 £	40	99	99½	0	−0⅜	11.05
Privatbanken 11⅞ 92 £	20	99½	100	−0⅛	−0½	11.90
Rank Xerox 11 92 £	40	98⅞	99⅜	+0⅛	−0⅝	11.17
Royal Trustco 11⅜ 90 £	30	99¾	100¼	0	−0½	11.33
Ster Drug Cap 10⅞ 90 £	30	98⅞	99⅜	0	−0⅝	11.09
Tricentrol XW 11 92 £	35	94¼	94¾	+0¼	−0⅜	12.21
Tsthouse Forte 11⅛ 90£	50	98⅞	99⅜	+0¼	−0½	11.34
World Bank 11¼ 95 £	100	102⅜	102⅞	+0⅜	−0⅝	10.79
E.C.S.C. 10½ 94LF	100	103⅛	103⅞	−0⅜	−1½	9.88
Nat Lux Alum 10½ 92 LF	600	104¾	105½	−0¼	−0¼	9.47

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Banco di Roma 5¼ 92	0	99¼	99½	24/7	7.56	7.61
BankAmerica O/S 5¼ 96	0⅛	99⅞	100⅜	3/9	8⅛	8.11
Bank of Montreal 5 98	0⅛	100⅝	100⅞	29/7	8¾	8.68
Bankers Trust 5 2000	0	99⅝	99⅞	11/9	7.69	7.71
Bankers Trust 5¼ 96	0⅛	100¼	100½	13/8	8.56	8.53
B.F.C.E. 5¼ 98	0⅛	100¼	100½	13/9	10.06	10.02
B.N.P. 5¼ 96 (July)	0¼	100⅛	100⅜	22/7	9⅛	9.10
C.C.F. 5¼ 97	0	99⅞	100⅛	22/8	10⅝	10.63
Chase Man'tn 5 2000	0	99½	99¾	9/8	8⅝	8.66
Chase Man'tn 5¼ 2009	0⅛	99⅞	100⅛	5/9	7.81	7.81
Citicorp O/S 5¼ 96 Sep	0⅛	99½	99¾	19/12	11.19	11.23
Credit Lyonnais 5¼ 96	0⅛	100½	100¾	11/10	9.69	9.63
Ireland 5¼ 97	0	100⅛	100⅜	26/10	9.69	8.66
Ireland 5¼ 99	0	100¼	100½	14/9	10	9.95
Italy, Republic 5 94	0⅛	100	100¼	12/11	8⅞	8.86
Lloyds Bank 5¼ Perp	0¼	99⅞	100⅜	9/12	8	7.99
Midland Bank Perp 5	0¼	99¾	100	19/12	8⅛	8.14
Nat West Perp 5	0⅛	101	101¼	13/11	9⅛	9.02
Nat West Perp A 5¼ S	0¼	99¼	99½	9/1	8¼	8.30
Nat West Perp B 5¼ S	0¼	99½	99¾	9/8	5¼	5.27
Queensland Coal 5½ 96	0¼	100¼	100½	12/11	9	8.97
Roy Bk Canada 5 2005	0⅛	†99⅜	99⅞	5/8	7⅞	7.90
Roy Bk Scot 5¼ 2005 £	0	99	99¼	2/8	12.81	12.93
Sweden Perp 5¼	0¼	100	100¼	9/1	8.31	8.30
Tokai 5¼ 99	0⅛	100⅛	100⅜	12/12	8⅛	8.10

Average price change On day 0 on week +0⅛

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Ajinomoto 3 99	4/84	1053.64	110	111	−0½	6.58
Fanuc 3¾ 98	1/84	7032.3	147½	148½	−0⅝	35.18
Fujitsu 3 99	5/84	1320.9	82	83	+3⅝	22.82
Kumagai Gumi 3½ 2000	3/85	800	141⅛	141⅞	+0¼	4.76
Marui 3½ 99	7/84	1162	116¾	117¾	+0⅝	3.53
Mitsubishi Elec 2⅞ 00	3/85	422	91⅝	92⅝	+0⅛	−0.55
Murata 3½ 99	2/84	2851.2	86⅞	87⅞	−0¼	22.36
Murata 3½ 2000	7/84	2398	87⅜	88⅜	+1⅜	26.42
Nippon Elec 2⅞ 2000	1/85	1295	83⅜	84⅛	+0¼	34.63
Nippon Oil Co 3 2000	5/85	923	103⅛	104⅛	0	5.96
Nippon Oil Co 3¼ 99	3/84	1052	102½	103½	−0⅝	30.42
Oki Elec Ind 3½ 99	10/84	805	†86	87	0	29.78
Orient Leasing 5¼ 98	6/83	2680	96¾	97¾	+2½	−1.18
Sekisui House 3 99	6/84	612	130	131	+2⅝	8.32
Sony Corp 2 2000	5/85	4578	85½	86½	+1¾	4.18
Sumitomo Corp 2⅞ 99	5/84	593	122⅞	123⅞	−0⅛	−8.15
Taiyo Yuden 3¼ 2000	3/85	1078	86½	87½	−1¾	−5.87
Takeda Riken 3⅜ 2000	10/84	7663	†80	81	−0½	26.01
Tokyo Sanyo Elec 3½ 99	12/84	772	86⅝	87⅝	−1½	0.74
Toshiba Ceramics 3 2000	4/85	1734.2	84¾	85¾	+0¼	12.11
Nippon Oil Co 2⅛ 92 SF	3/84	1052	†104¼	104½	−0¼	22.16
Nippon Shinpan Co 2 92 SF	3/84	801	†98½	98¾	+0¼	18.39
Asics 5 92 DM	12/83	520	106	106¾	−0⅛	26.84
Sun Realty 6¼ 92 DM	2/83	338	270⅜	271⅛	+0⅛	−1.55

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte = Date next coupon becomes effective. Spread = Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn = current coupon. C.yld = current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

INTERNAT. FINANCE

U.S. West in Nordic leasing agreement

By William Hall in New York

U.S. WEST, one of the seven regional U.S. telephone companies formed from the breakup of AT&T, is joining forces with Norway's biggest bank and Sweden's second largest bank to enter the international leasing business.

Denver-based U.S. West, which has annual revenues more than $7bn, has signed a letter of intent with Nordic American Banking Corporation, a New York merchant bank owned by Den norske Creditbank and Svenska Handelsbank, to acquire Commercial Funding, an asset-based lending company. Nordic American and U.S. West Financial Services, the financing arm of U.S. West, plan to set up a joint venture to emphasise international leasing and financing programmes, as well as other financial products and services.

Nordic American, 75 per cent owned by Norway's Den norske Creditbank, focuses on the provision of international services in support of the U.S. activities of Nordic companies. The company bought Commercial Funding three years ago. U.S. West says it has known Nordic American and Commercial Funding for some time and planned to capitalise on the expertise of the Scandinavians in the international leasing business.

Asbestos groups warn on profits

By Jim Jones in Johannesburg

SOUTH AFRICA'S two quoted asbestos mining companies – Msauli and Griqualand Exploration (Gefco) – increased turnover and profits in the first half of this year. However, neither company is particularly optimistic on immediate prospects.

Gefco, which produces crocidolite (blue asbestos) at a number of small mines in the northern Cape, suffered an unquantified drop in sales, though the first-half turnover rose slightly to R58.6m ($26.6m) from R57.1m due to the rand's decline against other currencies.

The first half's pre-tax profit rose to R9.8m from R6.6m. In 1984 turnover was R118.5m and the pre-tax profit was R14.4m.

Msauli, which mines chrysotile asbestos in the eastern Transvaal near the border with Swaziland, increased its first-half turnover to R16.3m from R10.6m and its pre-tax profit to R2.6m from R896,000.

Both companies have suffered from growing health fears over asbestos, particularly the blue variety of which South Africa is the world's only producer.

UK COMPANY NEWS

Poor downstream quarter depresses Shell

THE MARKET reacted with disappointment to the Royal Dutch/Shell Group's second quarter results with net income at £646m showing a 17 per cent fall from the £778m recorded in the comparable quarter.

The outcome fell well below expectations even after taking account of exceptional items—in particular the £100m write-off of the 320,000 barrels a day (b/d) loss-making Curacao refinery—largely because the downstream—manufacturing, marine and marketing-performance was reckoned to be poor in a generally improved trading environment for this sector of the group's business.

For the first six months profits reported were £1.73bn, a marginal decrease of 1.8 per cent on the £1.76bn earned in the same period of 1984. Like other oil companies Royal Dutch/Shell Group has been by low demand and cautious short-term buying.

On an estimated current cost of supplies basis earnings in the second quarter were calculated at £715m, down 7.4 per cent on after profits tax in the same period of 1984 On this method of inventory accounting, income during the first half of the year was £1.67bn compared with £1.91bn, a fall of 4.3 per cent.

In current cost of supply terms the group says that, if there had been no writing-off of the Curacao refinery, it would have increased earnings by 8 per cent in the second quarter and 12 per cent over the January-June period as a whole.

In addition, it has made a £25m provision for laying up two Very Large Crude Carriers and another £22m in respect of its metals business. Against this, it made a profit of £72m on the sales of its Showa Shell Sekiyu shares.

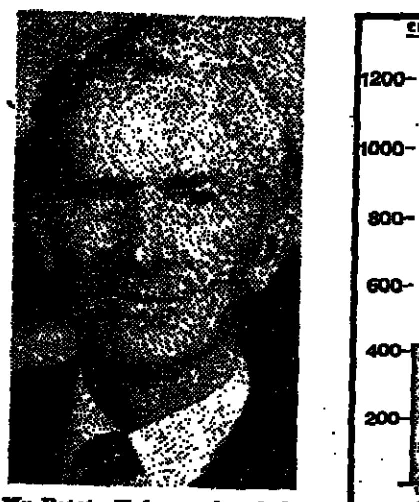
Royal Dutch Shell Group has set against income the full £930m cost of the acquisition of outstanding shares in Shell Oil, its U.S. affiliate. Capital expenditure does not include its purchase during the second quarter of 50 per cent of Occidental Petroleum's Columbia interests.

Exchange rate fluctuations turned last year's second quarter currency gain of £76m into a £29m loss. Losses arose on group U.S. dollar funds due to the strengthening of sterling in the quarter, and these were only partially compensated by gains in respect of certain group companies' dollar borrowings.

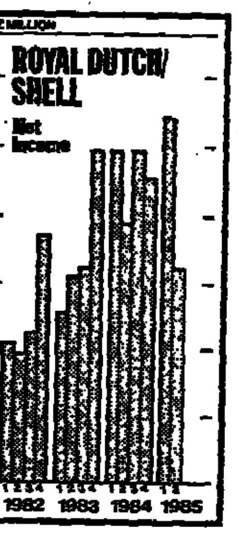
Taxation for the quarter came to £1.7bn (£1.58bn) for a first half total of £3.71bn (£3.41m).

An analysis of the result by industry segment reveals that oil and gas reported earnings for the second quarter of £697m, and £1.96bn for the half, a decrease of 14 per cent, and an increase of 8 per cent respectively over the corresponding 1984 periods. On an estimated current cost of supplies basis, and before the Curacao provision of £100m, the 1985 figures would be £871m and £1.98bn.

In exploration and production, group equity crude oil production increased by 4 per cent to 1.61 b/d. Natural gas sales volumes increased by 3 per cent to 5.25bn cu ft daily.



Mr Petetr Holmes, the chairman of Shell Transport



Exploration and production earnings, excluding Shell Oil and Shell Canada, improved by £46m to £480m, reflecting the impact of weaker sterling, an increase of 5 per cent in natural gas sales volumes and 6 per cent higher equity crude oil production. Earnings per barrel in dollar terms were lower, as the decline in unit production and taxation costs was more than offset by the generally lower level of crude oil prices compared with the second quarter 1984.

Equity crude oil production was higher—mainly in Oman, Egypt, Nigeria and Thailand. UK North Sea production was virtually unchanged from a year ago, but was 15 per cent lower than first quarter 1985 due to the programme of scheduled maintenance.

Natural gas sales volumes in the UK increased by 25 per cent, reflecting the continued build-up of Brent gas volumes, and more than offset the slight decline in continental European sales. In addition, LNG exports from Malaysia to Japan were higher than in the compartive period.

Shell Oil's reported dollar earnings were 10 per cent lower than the second quarter 1984, due mainly to lower selling prices for domestic crude oil and natural gas liquids, increased production costs and exploration expense. These factors together more than offset the benefits of gains from disposal of seletced producing properties and lower windfall profit tax.

In manufacturing, marine and marketing, excluding Shell Oil and Shell Canada, a loss of £51m was reported in comparison with a £62m profit in the corresponding period. However, on an estimated current cost of supplies basis, and before the Curacao provision, earnings were £120m compared with £58m in second quarter 1984.

On this basis, average unit current margins, expressed in dollars per barrel, were significantly higher than in the second quarter 1984 as average proceeds levels declined less than the cost of acquisition for crude oil and oil products. The U.S. dollar was generally stronger against most major currencies, but its gradual decline during the second quarter 1985 mitigated the fall in average dollar proceeds.

Cash, short-term deposits and securities rose from £4.07bn to £5.79bn over the half-year.

See Lex

BOC profit advances 30% after 9 months

EXCHANGE RATES and discontinued businesses combined to leave reported turnover at BOC Group almost unchanged in the nine months to June 30, 1985. Directors say that turnover increased by 8 per cent but the effects of currency translation and rationalisation costs cut that figure to £1.49bn compared with £1.48bn.

They add however that the results were broadly in line with the group's expectations and the forecast made in the annual report for last year.

Pre-tax profits improved by 30 per cent from ½95.1m to £124.1m.

Operating costs were slightly lower at £1.32bn against £1.34bn and the share of profits of related companies was down from £12.1m to £10.4m, leaving operating profits ahead by £30m at £182.1m. The pre-tax figure was struck after realised stockholding gains of £700,000 (£3.3m) and interest charges of £58.7m (£60.3m).

With tax at £40.2m (£25.9m) and minority interests taking £9.3m against £10.6m last time, earnings per share came out at 18.29p (15.1p) or 16.96p (13.69p) fully diluted.

The operating profit was stated after depreciation of £141.2m compared with £132.4m for 1983-4, including additional depreciation on a replacement cost basis of £29.5m (£34.2m).

● comment

One could be forgiven for having a sneaking sympathy for BOC yesterday as it pondered the cruelty of a market which took one look at its 30 per cent profits growth and marked the shares down 10p to 236p. Part of the reason for the reaction is the confusion caused by the effect of exchange rate fluctuations and consequent uncertainty about BOC's underlying trading performance, especially in the U.S. On the one hand BOC says it has hedged against anticipated U.S. earnings until the end of its year and so currency fluctuations can be ignored: on the other, no one knows how much or at what rate, nor how much of the U.S. contribution is coming from currency gains. Meanwhile growth in the Americas has fallen from a rate of 116 per cent for the first quarter, through 66 per cent for the half-year, to 40.6 per cent for the nine months. This largely reflects the group's inability to sustain last year's recovery in U.S. earnings, but is nonetheless adding to fears about a downturn in U.S. trading. The underlying picture remains one in which gases are performing very well and health products continue to show strong growth. The U.S. carbon business is still depressed, but at least it generates cash. The full year should see £173m, which has the shares still at a large discount to the market on a prospective p/e ratio of 11.

Marginal 1.6% increase at TI

BY IAN RODGER

PROFITS OF TI Group, the cycles, home appliances and engineering group, rose by a marginal 1.6 per cent in the first half of 1985 to £12.6m before tax.

TI's core businesses, comprising domestic appliances and some specialised engineering and automotive component activities, continuedt o perform well.

Mr Utiger, the chairman, says they comprise over 70 per cent of captial employed and made an average return on capital of 20 per cent. However, the domestic appliance division had lower profits mainly because of a sharp drop in demand for central heating boilers and pressure on margins.

In machine tools, extensive management changes have been made. "This business is being much more tightly run while the long term options are evaluated. Losses will be at a lower level in the second half of 1985."

The U.S. gas cylinder plant, which caused losses in this business, hsa been mothballed and, after absorbing exceptional costs in the third quarter, Mr Utiger says there will be "a significant improvement."

Among the other engineering businesses, he says a new process for rolling engine rings has attracted "keen interest" from the aero engine makers. The merger between Abar and Ipsen in vacuum furnaces "has made a good start and is expected to make an increased earnings contribution in 1985.".

Increased profits from Standard Tube of Canada are due mainly to the strengthening of local management. "New and highly original developments by the design team are opening up potential new markets for the group by extending the use of tube in automotive designs," he says.

TI has agreed to sell its one-third interest in Aluminium Wire & Cable for £3.67m in line with its policy of selling peripheral interests as opportunities arise.

Mr G. R. Mackenzie, who is responsible for the UK steel tube companies, and Mr S. Taylor, responsible for the automotive components companies, have been appointed to the board.

PRE-INTEREST PROFIT	Half year 1985 (£m)	Half year 1984 (£m)
Domestic appls.	7.0	9.2
Cycles	2.7*	0.1*
Specialised eng.	9.9	9.1
Steel tube	10.5	4.4
Parent and other	1.4*	1.7*
Total	23.1	20.9

* Loss.

Group turnover was up 6.5 per cent to £502.6m in the first half, with trading profit ahead 2.9 per cent at £21.4m. The contribution from related companies was up from £100,000 to £1.7m. After interest charges of £10.5m (£8.5m), pre-tax profit was £12.6m compared with £12.4m. Tax was £5.3m (£3.3m) and minority interests of 5m (£3m) reduced earnings to £6.8m compared with £8.8m.

The directors have declared an unchanged interim dividend of 5p per share.

See Lex

MS Intl. recovering after miners' strike

MS International, formerly known as Mining Supplies, returned to profit in the second half of 1984-85 after incurring heavy losses in the opening six months, mainly due to the miners' strike.

The profit, however, was insufficient to cancel out the first-half damage and the group finished with a pre-tax loss of £492,000 compared with a profit of £2.04m.

An unchanged nominal interim dividend of 0.1p is recommended which is totally uncovered with the company showing a loss per share of 0.9p (earning 6.7p).

Mr Kenneth Blair, the chairman, says that despite the loss the result is particularly encouraging bearing in mind that the miners' strike persisted almost to the end of the group's April 27 year-end. Total turnover fell from £65.1m to £61.95m and operating profits declined to £1.62m (£3.88m). Interest charges were higher at £2.11m (£1.85m).

The electrical engineering division's turnover was £36.3m, against £37m, and operating profits were £1.94m (£2.2m). The profit reduction was predominantly the result of replacing the missing NCB production line business, he says, with additional products at initially tight margins, and the additional provisions to complete a contract with a higher risk content than had been originally assumed.

Further reductions in fixed costs were made at the end of the period, the expense of which has been accounted for in rationalisation costs under extraordinary debits of £1.47m (£735,000). "The efficiency of the division's plants continues to improve, and together with the reductions in costs and a substantial order book, we should achieve a satisfactory level of activity and performance during the present year," the chairman says.

Mechanical engineering continued to trade profitably and on increased sales of £6.32m (£5.5m) produced an operating profit of £686,000 (£619,000). But the miners' dispute affected the materials handling and foundry companies owing to the traditional balance of products being disrupted, although further investment and an increase in third party sales brought "satisfactory late rewards in the foundry business," he says.

The forge plant (principal activity is the production of forks for the fork lift industry) has strengthened its position in the market, and traded profitably.

Mining equipment, however, had to endure the full impact of substantial reductions of orders for revenue equipment from the NCB. Turnover decreased to £19.3m (£22.6m) resulting in an operating loss of £1m (£1.02m profit). Overseas markets were the main sales targets for the division, and while competition for business was fierce, sales were increased although at the expense of tight margins and less favourable commercial conditions.

● comment

MS International did well to hold its losses to £½m last year but the miners' strike has still caused an exasperating interruption to the group's recovery. Orders from the NCB flowed well in the first quarter of this year, however, and with a lower cost structure at Laurence Scott following a further 235 redundancies (the last in a programme which has taken 2,000 off the payroll) profits could climb to over £2m this year. That thought sparked a 4p rise to 44p yesterday dropping the p/e to 8 assuming a full tax charge. The rating seems modest enough, especially as MS could find rich pickings if Sizewell goes ahead, but the market is awaiting a rights issue at some point. By the year-end borrowings were £15m—capital gearing of 115 per cent—and even though that was inflated by above average debtors it will take more than the disposal of spare land in Norwich and Doncaster to bring debt down to aceptable levels. Once another set of figures is out of the way MS could be seriously thinking about new equity.

Profits slip at Davies & Metcalfe

THE SLUMP in pre-tax profits continued in the first half at Davies & Metcalfe, the Stockport-based mechanical and electrical engineer. Despite an increase in turnover from £4.68m to £5.56m the taxable figure, including 11 months trading by the overseas subsidiary, fell by 44 per cent to £255,902, compared with £455,223 for the first six months of 1984.

The directors say the results reflect the continuing general weakness of the UK market combined with some reduced margins. However they are maintaining the interim payment at 0.63p.

Last year a total of 2.21p was paid from taxable profits of £335,000.

First half tax took £127,951 (£227,611) leaving net profits at £127,951 against £227,612 last time.

The shares closed down 5p at 53p.

William Jackson

William Jackson & Son, a general food concern, has lifted full-year, pre-tax profits from £1.73m to £2.14m on turnover ahead at £153.46m, against £152.14m.

Trading profits to April 27, 1985 amounted to £2.54m (£1.98m) and the taxable result included a higher associate contribution of £216,000 (£158,000), and was struck after interest of £622,000 (£406,000).

Earnings per share rose to 71.1p (63.6p) after tax of £534,000 (£295,000)—there were extraordinary credits of £89,000 (debits £478,000). The company's shares are not listed.

Planet gains will lift Heywood in second half

Heywood Williams, the aluminium and glazing specialist, had a difficult first half to the 1985 year, but with some improvement in the second quarter was able to show an increase in taxable profits from £1.71m to £2.23m.

The U.S. based Planet Group, with which Heywood merged earlier this year, is being absorbed rapidly, say the directors, and benefits will start to come through in the second half, though this will be partially offset by the costs of integration. The true benefits will not be fully realised until next year.

On the half year just past, the directors say that the glass trade was more competitive, and the aluminium extrusion business is still recovering from the effect of the imposition of VAT on home improvements. They add, however, that further reductions in mortgage rates should have a beneficial effect on the home improvements business.

Turnover was up by £1m to £48.38m and produced trading profits of £2.81m (£2.04m). Interest payable was up from £329,000 to £573,000.

The interim dividend is raised from 2.2p to 2.42p with earnings standing at .7p (4.8p) after a tax charge of £781,000 (£834,000).

Extraordinary debits totalled £700,000 (£87,000), including the costs associated with the liquidation of the French subsidiary of Planet

The directors add that most UK operations now have stronger order books and are forecasting improved second half results.

● comment

Heywood Williams is already showing the benefits of the £18½m spent on acquisitions in the last year. Planet (which cost £11.2m in May) has contributed almost half of these profits and only £20m of the sales—its U.S. operation doing especially well. City Glass (bought for £7.3m in December) is in the black thanks to intra-group trading which now accounts for two-thirds of its sales. Below the line the impact of Planet's problems are still being felt. Closing Luxembourg is expected to cost £100,000 more than originally expected; closing France, which has been making a £100,000 a year loss, some £300,000. Finally the closure of the old Planet head office and associated redundancies will cost a further £250,000. City Glass also reflected in the rising interest bill due to the cash element in the takeover. For the group as a whole the future depends on the mortgage rate, if it goes down then the company will benefit thanks to its DIY orientation. A flatter U.S. performance in the second half should be compensated by a more buoyant UK result. If the group reaches £5½m pre-tax for the year and has no more tucked away below the line it will have done well. Sales will almost certainly surpass the £100m mark. The shares look a ilttle cheap on a prospective p/e of almost 8½ at 147p on a standard tax charge.

COMPANY NEWS IN BRIEF

MID WYND International Investment Trust saw net asset value rise from 145p to 177.1p in the year to June 30, 1985, with revenue up at £194,268 (£158,738) before tax of £80,763 (£57,562). The dividend for the year comes to 2.15p (2p) with a final of 1.25p (1.1p). Gross investment income rose from £306,819 to £329,203.

NEWMARKET COMPANY, the Bermuda-based venture capital company which has a UK listing, reports revenue of US$531,000, against US$512,000 (£374,000), for the six months to June 30, 1985. After expenditure, and minorities of $77,000, net expennet expenditure per share amounted to one cent (two cents).

RADIANT METAL Finishing had taxable profits of £241,000 against £76,000 in the year to February 28 1985, thanks to a profit of £208,000 on the realisation of investments. Earnings per ordinary share rose from 3.05p to 14.69p, and enabled the company, an electroplater and metal finisher, to hold the final dividend at 1.5p for a total of 2.5p (1.5p).

MANCHESTER and London Investment Trust achieved net revenue of £11,555, against £9,858, for the year to end-March 1985. Net asset value per 50p share at that date amounted to 205p compared with 149p a year previous. The final dividend is being increased to 1p (0.75p) with earnings at 1.15p (0.98p).

PEREGRINE HOLDINGS Jersey, a private investment trust registered in Jersey, Channel Islands, intends to seek a listing on the London Stock Exchange in due course. The capital of the company is £1.5m divided into 6m shares of 25p each. Results for its first accounting period from June 26 1984 to June 30 1985, show pre-tax profits of £143,520. Jersey tax took £29,633 and formation expenses were £28,799. A dividend of 1p is proposed at a cost of £60,000 and earnings per share at the year-end were 1.896p.

LAW DEBENTURE Corporation, an investment trust, reports a slightly higher net asset value of 200.8p at the end of June 30, 1985, compared with 198p at the end of the end of the preceding six months. Net revenue after tax for the six months was £747,000, compared with £621,000 in the first half of 1984. The interim dividend is 2.75p (2.25p).

ROBERT STEPHEN HOLDINGS has purchased 1.47m shares in Ashley Independent Trrus, tbringing its holding to 29.2 per cent.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Davies & Metcalfe ...int	0.63	Oct. 7	0.63	—	2.21
Dee Corpn.	5	Oct. 1	3	7.25	4.75
Diamond Stylus	0.5	Oct. 10	0.5	0.5	0.5
G. M. Firth	0.22	Oct. 1	0.18	0.4	0.33
Gnome Photo.	6.5	—	5.25	6.5	5.25
Heywood ...int	2.42	Oct. 1	2.2	—	6
John I. Jacobs ...int	1.4	Oct. 31	1.2	—	3.3
Law Debenture ...int	2.75	Oct. 1	2.25	—	5.5
Mid Wynd	1.25	Oct. 21	1.1	2.15	2
MS International	0.1	Oct. 4	0.1	0.1	0.1
Noble and Lund ...int	0.35	—	nil	—	0.19
Plan Invest‡ ...int	0.75	Nov. 15	0.55	—	1.65
SEET	3.5	Oct. 7	2.7	4.9	3.8
Smith & Nephew† ...int	1.4	Oct. 8	1.17*	—	3.79*
TT Group ...int	5	Oct. 11	5	—	10
W. & J. Tod‡	1.65	Dec. 2	1	2.75	1
Joseph Webb	0.38	Oct. 1	0.38	0.51	0.51

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock.

UK COMPANY NEWS

Beazer moves into U.S. housebuilding and sells subsidiary

BY DAVID GOODHART

C. H. Beazer, the fast growing West Country construction group, yesterday announced its first move into the U.S. house building market and the sale of its wholly-owned subsidiary, Westbrick Plastics, to the USM-quoted defence contractor W. & J. Tod.

Tod, which is itself a subsidiary of Beazer, will be issuing 2.4m new shares to pay for the deal which values Westbrick at £2.76m. In addition, Tod will provide Westbrick with £900,000 to repay a loan from Beazer.

The purchase of Cohn Communities of Atlanta after eight months of negotiation for U.S.$5.75m ($3.25m cash and further payments of $2.5m depending on profitability) gives Beazer its first toe hold in the U.S. Mr Beazer said it was a careful entry into a difficult but potentially profitable market. Cohn made a profit of $1m last year. It builds for the lower end of the market and Beazer is aiming for 500 units in the coming year.

Westbrick, which was heavily loss making when Beazer took it over in 19€1, made a pre-tax profit of £483,000 to the end of June 1985 on turnover of £3.8m. Beazer paid £4m for both Westbrick and Tod four years ago and subsequently sold Westbrick's brick and concrete products divisions to Tarmac for £28m.

The latest move—which will leave Beazer with 77.1 per cent of Tod's expanded share capital —allows the parent company to concentrate on its mainstream housing, property and contracting businesses and also means Tod can spread out from its core defence industry work.

Also yesterday, Tod released its preliminary results to the end of June 1985 which show a 16 per cent increase in turnover to £2.74m and a 24 per cent increase in profits to £704,000. Non-executive chairman, Lord Digby, said: "In the period under review, defence expenditure, both at home and abroad, has been under pressure. The results produced by Tod are even more creditable in these circumstances." The board is proposing a dividend for the year of 2.75p.

Tod will now form the core of Beazer's fibre composite arm and is expected to grow rapidly through acquisition. The other two divisions — housing and property and engineering—will also be on the look out for acquisitions, according to chairman Mr Brian Beazer.

The UK housing division is expecting to generate 60 per cent of the group's profits on a turnover of close to £200m next year. Its building target is 5,000 houses. However, acquisition is more likely to come in property than housebuilding itself.

Beazer's shares rose 8p yesterday to 410p, while Tod closed at 131p from a suspension price of 124p.

Ruberoid to liquidate troubled Camrex offshoot

BY LISA WOOD

Ruberoid, the building products, contracting and paper group, is to liquidate in the next month its troubled Camrex subsidiary which has legal claims against it exceeding £8m.

Camrex, a marine and industrial paint maker, was acquired by Ruberoid in 1983 and the legal actions that have been taken against it relate to work in 1979.

Earlier this year Canadian Pacific Bulkships, which alleges that defective coating work was done on four chemical products tankers in 1979, won an £11m award from an arbitrator. But the company against which the award was made, Camrex (Nominees), was put into liquidation shortly afterwards.

Canadian Pacific then said it would pursue the parent, Camrex, for the award less £3m of available insurance payout. Canadian Pacific said yesterday that it was unaware of Ruberoid's decision to cease trading in the Camrex companies and before making any comment wished to confer with its counsel.

Ruberoid's annual report for 1984, published in April, said Camrex (Nominees) had assets of £22 and that Camrex had net assets of £1,729,000.

Mr Thomas Kenny, chairman of Ruberoid, said yesterday: "Ruberoid has generous cash resources and facilities but that is no excuse for us to use them in paying claims against Camrex Group that relate to earlier years, before our ownership, or in supporting a business that because of those claims is no longer viable as a trading entity. These factors swamp the efforts made to improve Camrex Group trading.

"The directors are of the unanimous opinion that we do not have a remit from the shareholders to spend their resources against their interests. Alas, we have decided to cease trading in the Camrex companies. The implementation of this decision depends on many legal and accounting factors but the liquidation of Camrex Limited will not be delayed."

Mr Kenny said Ruberoid's £8.9m claim against Ernst & Whinney, formerly accountants to Camrex, which has had trading losses totalling £1.68m since Ruberoid acquired it for £6m in June 1983, was "winding its way to court." Ernst & Whinney is contesting the suit.

Arthur Bell's bid reply expected today

BY LISA WOOD

The board of Arthur Bell, the Scotch whisky distiller, is to meet today and is expected to reply to the bid from Guinness, the brewing and retailing group.

There was little comment yesterday from either Guinness or Bell after Wednesday's row in Bell's boardroom when Mr Peter Tyrie, the director in charge of the Gleneagles Hotel division, annnounced unexpectedly that he was to advise recommendation of the £340m Guinness offer.

It was a decision later described by Mr Raymond Miquel, chairman of Bell, as "unilateral" and done without the knowledge of all of Mr Tyrie's colleague on Bell's board.

Guinness yesterday purchased a further 1.3m of Bell's shares in the market, bringing its stake to 17.61 per cent with 5.35 per cent of this accounted for by shareholders acceptances to its original offer. On Wednesday Guinness bought the 3.25 per cent stake acquired last week by Ladbroke, the gaming and leisure group which had expressed interest in trading links between its hotels

LCP in £4m purchase

BY ANDREW ARENDS

LCP Holdings, an industrial, holding company, is to acquire National Auto Spares, a U.S. automotive retail group, for about $5.2m (£3.9m) in cash and loan notes.

NAS is being acquired through LCP's U.S. subsidiary Whitlock, which operates more than 80 automotive retail stores in 10 states.

The price will be the net asset value plus $1m, of which $4.2m will be paid in cash.

NAS was established in 1983, and operates 12 retail outlets in Massachusetts and Connecticut, under the name Motorart. In the year to end-March 1985 it suffered pre-tax losses of $700,000 on turnover of about $11m.

However, Mr David Rhead, chairman of LCP, said that the losses were mainly due to start-up costs. Profits were expected in the future.

The acquisition marks a further expansion in the U.S. by LCP, which bought into Whitlock in the late 1970s.

LCP turned in pre-tax profits of £7.46m on turnover of £279m in the year to the end of March 1985. Its shares closed up 2p at 108p.

Nu-Swift offered deal

European Fire Protection, owned by Mr J. G. Murray, chairman and majority shareholder of Nu-Swift Industries, manufacturer of fire extinguishers, has bought 52.85 per cent of the share capital of Compagnie Centrale SICLI SA for FFr 43.2m (£3.72m).

Mr Murray has informed the board of Nu-Swift that he intends to offer the 52.85 per cent shareholding in SICLI, together with any minority shares acquired, to Nu-Swift upon the same terms and conditions and with the benefit of the same representations and warranties so that EFP will show neither a loss nor a profit on the transaction.

BTR buys U.S. airport supplier

BTR, the industrial holding company, has acquired BAE Automated Systems for an undisclosed price. A privately-owned U.S. manufacturer of automated and mechanical baggage systems for airports, BAE reported sales of $30m (£22m) in the year to the end of October 31 1984.

The company used to be part of Boeing, the airliner manufacturer. It is based in Texas.

BTR said that vendor Mr M. L. Sharp, BAE president and chief executive officer, and Mr R. B. Nelson, vice-president, will remain with the group.

BTR's share price rose 2p to close at 330p.

COMPANY NEWS IN BRIEF

BURNETT & HALLAMSHIRE, the troubled UK mining group, is not seeking to dispose of its large holding in Rand London Corporation, the South African minerals industry company, Rand's chairman said. Speaking at the company's annual meeting, he said while Burnett & Hallamshire had encountered financial difficulties, these would not affect Rand London.

BRITISH EMPIRE Securities & General Trust says it now holds 5.83 per cent of the Scottish Investment Trust. Imperial Life Assurance Company of Canada acquired a 29.9 per cent stake in British Empire last year and assumed its management, prompting expectations of a change of strategy.

PLAN INVEST Group, a personal financial planning consultant, achieved taxable profits of £117,993, against £108,375, for the first six months of 1985. Turnover amounted to £234,787 (£217,923). The interim dividend of this USM stock is being raised to 0.75p (0.55p) with earnings per share ahead at 3.2p (2.85p).

BENSONS CRISPS, the USM company based at Kirkham, near Preston, cut its pre-tax losses from £95,000 to £48,000 in the 27 weeks to June 1 1985. The group expects to make a profit in the full year, say the directors. Turnover moved ahead from £4.72m to £4.91m. No tax was again payable. Last time there was an extraordinary debit of £202,000, leaving attributable losses of £297,000—the figure was £48,000 this time. Loss per 10p share was halved to 1p.

Gnome Photographic Products reports higher taxable profits of £414,000, against £333,000, for the year to end-May 1985. Turnover of this manufacturer of photographic and visual aid equipment amounted to £1.98m (£1.67m). Earnings per 10p share were 9.99p (8.45p) and the single final dividend is being raised to 6.5p (5.25p).

PROPERTY SECURITY Investment Trust proposes a one-for-five scrip issue and expects to maintain the 2.5p dividend rate on the higher capital. Preliminary figures for the year ended March 31, 1985 have been reported.

DALGETY has received acceptances in respect of 94 per cent of Gill and Duffus ordinary shares and in respect of 97 per cent of the preference shares.

BANK RETURN

BANKING DEPARTMENT

	Wednesday August 7 1985	Increase (+) or decrease (−) for week
LIABILITIES	£	£
Capital	14,553,000	—
Public Deposits	5,770,456 025	— 1,020,217 191
Bankers Deposits	941 350 064	+ 92,936,885
Reserve and other Accounts	1,553,887,533	+ 57,427,900
	6,180,256,612	— 869,862,406
ASSETS		
Government Securities	698,527,771	— 11,125,591
Advance & other Accounts	621,280,835	— 396,646,357
Premises Equipment & other Secs.	4,949,777,765	— 465,558,169
Notes	10,102,906	+ 3,570,878
Coin	657,333	— 104,167
	6,180,256,612	— 869,852,406

ISSUE DEPARTMENT

LIABILITIES	£	£
Notes in circulation	12,259,987,092	— 53,570,878
Notes in Banking Department	10,012,908	+ 3,570,878
	12,270,000,000	— 50,000,000
ASSETS		
Government Dept	11,015,100	—
Other Government Securities	1,730,196,747	— 125,565,728
Other Securities	10,528,788,153	+ 75,565,728
	12,270,000,000	— 50,000,000

Royal Dutch/Shell Group

Results for First Half 1985

		SECOND QUARTER 1984	SECOND QUARTER 1985	£ million	FIRST HALF 1984	FIRST HALF 1985
Net proceeds		14,704	**15,670**		29,979	**33,175**
Income before taxation		2,412	**2,359**		5,299	**5,485**
Taxation		1,582	**1,697**		3,407	**3,711**
Income after taxation		830	**662**		1,892	**1,774**
Income applicable to minority interests		52	**16**		132	**44**
Net income for the period		778	**646**		1,760	**1,730**
Parent Companies' provisional share in Group net income:				Per ordinary share		
Royal Dutch	Nfl	7·59	**6·60**		17·42	**16·96**
Shell Transport	pence	27·2	**21·9**		61·5	**58·7**

Net income of the Royal Dutch/Shell Group of Companies for the second quarter 1985 was £646 million after a provision of £100 million in respect of the announced closure of the Curaçao refinery, compared with £778 million in the same period in 1984. On an estimated current cost of supplies basis, and before the Curaçao provision, earnings for the second quarter 1985 were £815 million against £772 million in 1984. Net income for the first half of the year was £1,730 million against £1,760 million for the first half 1984.

In the second quarter, higher earnings from oil and gas exploration and production reflected increased equity crude oil production and natural gas sales volumes. The loss in oil and gas manufacturing, marine and marketing included provisions for Curaçao and lay-up of two VLCCs. Excluding these provisions, the earnings were at a similar level to a year ago. Earnings on a current cost of supplies basis (before the Curaçao provision), however, were substantially higher than a year ago due to improved current margins. Chemicals earnings were lower. Metals losses reflected weak demand and prices and included a provision for further rationalization. Lower corporate expenses reflected a profit on sale of part of the Group's interest in Japan, partially offset by currency exchange losses.

Shell Oil's reported dollar net income for the quarter was 19% lower as a result of lower selling prices for refined products, crude oil, chemicals and natural gas liquids. The contribution to Group sterling net income decreased by £22 million to £227 million. Lower dollar results and the provision towards amortization of the excess cost over the book value of the share of net assets acquired more than offset the benefits of the lower average sterling/US dollar exchange rate and the higher Group shareholding. Shell Oil became a wholly owned Group company on June 7.

For the first half year 1985 the 4% improvement in Group net income (before the Curaçao provision) reflected a 3% increase in Group equity crude oil production, 8% higher natural gas sales volumes and the positive effect of weaker sterling. Earnings from manufacturing, marine and marketing operations on a current cost of supplies basis declined. Chemicals results were down on first half 1984, whilst metals losses were considerably higher, affected by provisions relating to rationalization of the sector's activities.

Funds generated amounted to £5,686 million for the half year compared with £4,198 million in 1984. Net working capital declined by £1,706 million during the first half of 1985, compared with the reduction during first half 1984 of £694 million. Both volumes and sterling value of inventories decreased, as did accounts receivable, while there were increases in both current taxation payable and accounts payable. The funds applied in relation to the acquisition of additional interest in Shell Oil amounted to £930 million, of which some £550 million were unpaid and reported under accounts payable. Capital expenditure and exploration expense at £2,662 million for the half year was 8% higher than last year, particularly reflecting the effect of weaker sterling. This excludes the acquisition of a 50% interest in Occidental's oil interests in Colombia for a total consideration of approximately $1 billion, of which some $0·8 billion has been paid in the third quarter 1985. Long-term debt was reduced by approximately £1 billion.

Oil demand should begin to climb from its seasonal low, but meanwhile OPEC production is being restrained by cautious short-term buying. As a result, current prices for short-haul crudes are holding. Nevertheless, the crude oil price structure remains fragile and tension persists, with OPEC production having recently been at its lowest level for some 20 years.

August 8, 1985

An interim report by Royal Dutch Petroleum Company and The "Shell" Transport and Trading Company, p.l.c. on the unaudited results of the Royal Dutch/Shell Group of Companies, in which their interests are 60% and 40% respectively.
A copy of the full report may be obtained from Shell Centre (Ref LGSL), London SE1 7NA or by telephoning 01-934 6252. Results for the First Quarter 1985 were issued on May 22, 1985 and can be obtained from the same address.

UK COMPANY NEWS

Good growth prospects for Dee

A VERY successful year's trading by the Dee Corporation group of hypermarkets, supermarkets and cash and carry outlets has seen the pre-tax profit jump from £28.31m to £64.34m, right in line with forecasts. Included is £8m profit on disposed properties.

Mr D. A. Monk, the chairman and chief executive, says apart from good trading in the year ended April 27, 1985, perhaps more importantly the acquisition of Lennons and the purchase of International Stores has transformed the group into a leading food retailing combine with excellent prospects.

He says all subsidiaries are trading strongly and the group is currently on target for a fifth consecutive year of good profit growth, and there will also be a £10m boost from the sale of Booker McConnell shares. The directors are confident of further progress in the current year and, therefore, are recommending an increase of 52.6 pr cent in the 1984-85 dividend.

The final, as forecast, is 5p to bring up the net total from 4.75p to 7.25p per share of 6.25p nominal. The directors are recommending that those shares be split into 5p nominal.

Turnover for the year moved ahead from £1.39bn to £2.43bn and the trading profit from £31.07m to £67.92m. After tax £4.95m (£4.26m) the net balance came to £59.39m (£24.05m) for earnings of 17.1p (10.4p) per share.

The directors have elected to merger account for International Stores in recognition of its scale in relation to the rest of the company, and also present to shareholders the base from which future trading will take place.

Previous year's figures have not been restated on this basis because this would prompt meaningless comparison, they say.

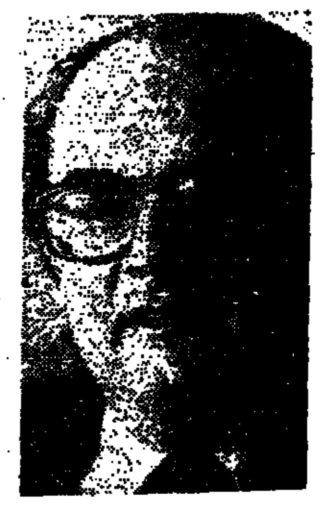
Gateway Food markets combined with International Stores as one retailing operation is not the same as adding the results of the separate operations, the directors explain. The rationale of acquiring International was to obtain the incremental benefits from integrating completely that business with Gateway. "In such circumstances, we believe the only meaningful comparison is of earnings per share."

A split of group turnover shows supermarkets contributed £1.72bn (£77.255m), hypermarkets £169.7m (£148.4m), and UK cash and carry £476.55m (£396.56m). The Pidou business, which has been discontinued, last year accounted for £14.43m.

On the trading profit front, supermarkets accounted for £56.86m (£24.76m), hypermarkets £7.58m (£5.4m), cash and carry £4.18m (£1.64m), and Pidou's loss last year was £208,000. The contribution from Spain came to £1.24m £845,000) and central costs took £1.93m (£1.38m).

Mr Monk tells shareholders that Gateway continues to expand sales at a high rate and profits continue to grow well without any change in the "very competitive pricing policy." All the Frank Dee supermarkets, the Lennons stores, the vast majority of Key Markets stores and several International outlets now trade under the Gateway fascia. In the current year about 150 stores are expected to be converted and revamped under this fascia.

Management structures of



Mr D. A. Monk, the chairman

Gateway, International and Lennons have been integrated successfully. Benefits have been produced and there are more to come. The current year will see the first full term contribution of the former Lennons and International under Dee management; full benefits will take about two years to obtain but "excellent progress is being made," the chairman says.

New store development at Gateway is also providing major growth. This year 31 stores with a total selling area of 381,000 sq ft are expected to be commissioned and a similar number is scheduled for the following year.

Linfood Cash & Carry has contributed £4.2m, a substantial improvement over the previous year's £1.6m, excluding Pidou.

Mr Monk says over the past two years this business has literally been taken apart and rebuilt, and "we now have a base from which the future can be addressed very positively." New sites are being planned and he is confident that this subsidiary has a bright future.

Digsa, the Spanish subsidiary, produced an excellent result in a year when management time was taken up by the expansion of the business into the Catalunya region. The current year has began well—the major task is to integrate and develop the 38 supermarkets recently acquired in the Madrid area.

An extraordinary charge of £15.1m has been made for the closure and reorganisation costs associated with the integration of Lennons and International although only £6m has been incurred at the year end; the balance will be incurred in the current year. The sale of Pidou produced a book loss of £2.2m but it cut the group's losses and allowed the discharge of all obligations to employees, customers and creditors in full.

Dee failed in its bid to acquire Booker McConnell. After meeting all costs, including interest charges and capital gains tax, a net extraordinary profit of £900,000 was made on the sale of Booker shares purchased in the market. A further £9.9m profit on the sale of the remaining Booker shares will be brought into the current year.

At the year-end shareholders' funds were shown at £291.58m, compared with £126.86m a year earlier. Excluding goodwill, net assets were shown at £278.16m (£113.43m), or 76p (48p) per share.

See Lex

Yorks. Chemicals holds upturn

THE RECOVERY at Leeds-based Yorkshire Chemicals continued in the first six months of the present year.

Pre-tax profits for the period to the end of June improved by almost five times to £648,000 (£140,000). Turnover increased by 16 per cent to £17.65m (£15.27m) with sales of the UK-based speciality products division leading the way with a 43 per cent rise.

There will again be no interim dividend. Last year there was a single payment of 1.75p.

Mr Alan Gould Martin, chairman, says the group is beginning to derive significant benefit from the rationalisation of its dyestuffs operations and the strong growth of speciality chemicals. In the period the speciality division accounted for 29 per cent of sales, compared with 26 per cent in the first half of 1984 and 21 per cent in 1983.

The group is firmly on course to realise further gains, he says. The volatility of the pound and its strength, particularly against European currencies, remains unhelpful but if sterling does not appreciate further the board expects a further improvement in profits.

The changing character of the business combined with tighter financial control resulted in the better use of working capital and a reduction in short-term borrowing.

Group turnover was split between UK of £3.54m (£3.05m) and overseas of £14.12m (£12.22m). Operating profit was almost doubled at £1.06m, against £577,000.

Tax took £75,000 (£14,000), leaving earnings per share at 4.2p, compared with 0.9p.

Rodime's profits growth slows to 21%

BY NIGEL CLARK

Rodime, the Fife-based computer peripherals company, saw net sales increase by 54 per cent from £13.8m to £21.2m in the third quarter to June 30, 1985. That was a slowdown compared to the 71 per cent increase in the first six months and the more than doubling of sales in 1983-84.

Pre-tax profits growth also slowed, increasing by 21 per cent from £3.39m to £4.12m, compared with a 79 per cent rise in the first six months.

Mr Colin Grant, corporate controller, said that the third quarter had been similar to the second and he expected the figures for the last three months would show gains at the same level.

"Results in the third quarter were affected by a shaving of operating margins and increased spending on research and development," he said.

Pre-tax income for the quarter was made up of operating income of £3.55m (£2.43m) and other income, mainly net interest and Government grant of £568,000 (£961,000).

The tax charge for the period was almost unchanged at £1.77m (£1.72m) leaving earnings per 5p share at 29.9p (22.9p). Earnings for the nine months were 88.9p, compared with 67.2p for the corresponding period.

Rodime's shares are traded over the counter on the New York market, but it does not have a quote in the UK.

Mr Grant said that when the company was seeking to raise money the UK market was sceptical about the sector so it went to the U.S. It does not have any plans for a UK quotation at the moment.

"We have not been going long enough for a full quote and there would be no point in us joining the USM."

Joseph Webb meets profit expectations

Pre-tax profits from Joseph Webb for the year ended March 31 1985 are in line with forecast at £230,000. They compare with £405,000 previously which included land sales of £631,000. The final dividend is 0.3797p for a maintained total of 0.511p net.

Turnover came to £4.84m (£5.75m) and the trading profit to £615,000 (£786,000), with the UK holiday and leisure interests accounting for £4.37m (£4.29m) and £403,000 (£231,000) respectively. Occupancy levels were maintained, and there was a combination of higher income and lower unit costs.

The French holiday activities were restricted to a small presence at Holiday Green, Frejus, which incurred a loss of nearly £11,000. The £537,000 extraordinary net provision made last year for the total closure of the Pierre Verte site proved adequate, and following a negotiated settlement, has resulted in a credit of £64,000 this time.

On the property investment side, net rental income increased from £205,000 to £222,000, and this is expected to continue through rent review and lease renewals. Arising from professional advice on current values of certain investment properties, the directors have transferred a further surplus of £132,000 to reserves.

UK COMPANY NEWS

Firth has base for significant expansion

SECOND HALF profits of £645,000 from G. M. Firth (Holdings), the steel stockist and merchant, and property developer, has lifted the total for the year ended March 31, 1985, from £571,000 to £950,000.

And chairman Mr I. H. Wasserman expresses his confidence in the future. He says the trading base of the main activities is firmly established and expanding at an encouraging rate. Management accounts for the current year show the expected "significant profit increase" on last year and gives confidence for a "major break-through" at the pre-tax level.

He says the cash flow remains excellent and the balance sheet is extremely healthy. "We are now actively looking for new acquisitions."

The dividend for 1984-85 is increased by 21.2 per cent, from 0.33p net to 0.4p with a final of 0.22p. On the assumption of significantly increased profits for the current year in line with expectations, the chairman says shareholders can expect a corresponding rise in dividends.

Referring to Porter Chadburn, the maker of brewery and marine engineering equipment in which Firth now has a near 60 per cent stake, Mr Wasserman says not much return has been received on the investment but he is confident that a satisfactory level of profit will be earned in the current year.

At March 31 Firth's stock of listed investments totalled £1.46m. A large part of this was represented by a holding in Wolstenholme Rink, which was realised in April at a substantial profit.

Mowlem Australian associate expands

The 40 per cent-owned Australian associate of John Mowlem & Co, Barclay-Mowlem (Australia), is buying MCE, a holding company, based in New South Wales, of a number of construction companies. The price of A\$18m (£9.3m) is to be met by a share issue.

In the year to the end of June 1985 MCE's profits were estimated at A\$2.5m.

Mowlem says that the move will result in a more robust and broadly-based company with an asset base of A\$40m with a turnover this year in excess of A\$300m, which is in effect double the level of Barclay-Mowlem.

Smith & Nephew rises to £30m

A HIGHER taxable profit of £30.41m, against £24.14m, was achieved by Smith & Nephew Associated Companies over the 24 weeks to June 15, 1985, and the interim dividend is being raised from an adjusted 1.17p to 1.4p.

Turnover of this manufacturer of medical and healthcare products, textiles and toiletries, climbed from £167.95m to £204.371m, generating an increased operating profit of £28.86m, against £22.68m.

The directors exepect results for the remainder of the year to continue on a satisfactory trend.

The ysay group operating profits continue to maintain satisfactory improvement on 1984, with the healthcare activities showing steady growth in most areas.

One exception, however, is in UK exports to Africa and the Middle East, where economic problems have forced delays in tender awards.

In the UK, divisionalisation of the consumer products and medical products proceeds according to plan. And the progressive lanuching of a family of Dr Whites feminie hygiene products and increased cost savings are creating improved profit performance in this product area.

The acquisition of Affiliated Hospital Products was completed o nFebruary 26, an dthe results are included for the 16 weeks out of the 24 week period.

Earnings per share rose from 4.16p to 5.04p and were calculated after taking into account the 23.2m shares issued for the acquisition of the Affiliated Hospital and the shares isseud after the May 1985 AGM to give effect to one-for-five scrip issen.

Improvements in profitability in toiletry activities continued, they say, but the excellent weather in the U Klast year has not been repeated so far, causing a slowdown in the sales of Nivea sun products although there has been no loss of market share.

Textiles also improved with demand for denim cloth particularly buoyant, and "growth in Europe continues strongly, particularly in Spain and France."

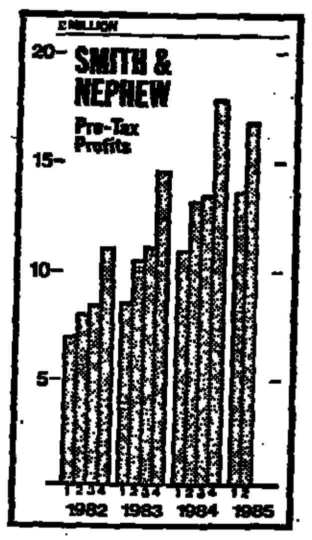
There has been a slowdown in Smith's U.S. manufacturing activity which has affected the growth of industrial tapes busines, and profits are unlikely to exceed 1984's performance.

Integration of Affiliated Hospital is continuing well and its operating profits are expected to be better than estimates at the time of the acquisition.

The dealers say that slightly lower borrowings and lower interest rates in the second half should mean no higher cost than in the second half of 1984.

The results of the related companies continue to improve — profits rose from £2.95m to £3.55m — with British Tissues trading particularly strongly.

Despite economic problems in Mexico, good local management and the launching of new products should ensure profit growth, they say.



Because the group continues to use average rates of exchange in translating profits, the recovery of sterling against major currencies, the directors say, has had only a minor adverse effect on profits for the first 24 week period.

However, if current rates of exchange appertain for the remainder of 1985, overseas profits on translation will be slightly lower.

There was a small reduction in the tax rate (the charge was £10.35m against £8.43m) reflecting a reduction in the basic rate of UK corporation tax which has been offset by a higher rate of tax on overseas profits,

● comment

Smith & Nephew is not the sort of company that gives investors sleepless nights in advance of its results announcements and, true to form, has produced figures right in line with forecasts. The mainstream health care products continue to benefit from being at the high-tech end of a low-tech market: they are new developments of routine items such as plasters and bandages which tend not to be affected by health service cutbacks. The main areas of uncertainty over these figues had been the inclusion for the first time of Affiliated Hospital Products for the full 24 weeks, and the effect of exchange rate movements. Sterling's strength in the second 12 weeks wiped out the gains in the first, and the fact that AHP is performing so well in spite of the exchange rate suggests that it was a particularly good buy. The U.S. industrial tapes business is a cause for concern and appears to be suffering from strong competition and reduced margins: nonetheless strengths elsewhere should outweigh this weakness and profits of £70m are confidently predicted. After a 34 per cent tax charge the shares, down 2p at 178p yesterday, look modestly rated on a prospective p/e ratio of a little over 15.

Exports lift SEET to near £2m profit

TAXABLE profits rose by 44 per cent in the 1984-85 year at Scottish English and European Textiles, and the result at £1.93m is a record for the company, which produces Harris tweed and tartans.

Exports continued to run at over 70 per cent of total sales, which rose from £14.44m to £18.51m. Mr J. Mackenzie, the chairman, says that the forward order book is satisfactory.

He adds that, after careful consideration, the group has decided to close its Yorkshire-based high quality flannel subsidiary J. Blackburn, where a return to profitability was not envisaged in the foreseeable future. The estimated cost of closure resulted in an extraordinary debit of £260,000 (£37,313) in the accounts to April 30.

The dividend for the year is increased by 29 per cent to 4.9p per share (3.8p) with a final of 3.5p against 2.7p. This is covered over five times by earnings per share of 26.29p (19.12p).

Tax came to £763,772 (£517,410) to leave net profits at £1.17m (£822,956), and minorities took more at £111,203 (£55,748). After the dividend payout of £196,624 (£152,484) the company will retain £598,290

The groups balance sheet remains strong, with net assets up from £6.53m to £7.12m or 177.6p (162.6p) per share.

Diamond Stylus plunges into year-end loss

Diamond Stylus, the Bolton based manufacturer and distributor of record playing styli, plunged into the red in the year to March 31, 1985, with pre-tax losses of £11,767. This compares with profits of £113,041 in the previous 12 months.

Despite this reverse, however, the dividend remains unchanged at 0.5p net. There was a loss per 10p share of 1.8p against earnings of 3.2p.

A number of changes are planned by the group and resolutions will be put to an extraordinary general meeting immediately after the annual meeting on October 10. The changes are: The adoption of a new memorandum and articles of association to enable the company to carry on business as an investment holding company; the transfer of existing trade to a new wholly owned subsidiary company to be called Diamond Stylus Company Limited, and to change the name of the company to DSC Holdings.

Group turnover for the year was down from £2.15m to £1.89m.

John I. Jacobs exceeds £1m for first six months

JUST OVER £1m pre-tax was earned by John I. Jacobs, shipowner and shipbroker, for the first six months of 1985, which compares with £615,000 for the corresponding period and £1.3m for the whole of 1984.

The interim dividend is being raised from 1.2p to 1.4p and the board expects to at least maintain last year's final payment of 2.1p. First half earnings rose to 3.35p, against 2.13p.

Turnover amounted to £876,000 (£812,000), generating a gross profit of £167,000 (£114,000). Investment income added £580,000 (£321,000) and profit on realisation of investments totalled £551,000 (£361,000)—provision for diminution in the value of listed investments was £46,000 (£87,000).

Net profits came out at £771,000 (£491,000) after tax of £237,000 (£124,000). There was an extraordinary credit this time of £273,000, which raised attributable profits to £1.04m (£491,000). The interim dividend will absorb £323,000 (£276,000).

The extraordinary credit related to a net gain from the sale of the interest in SOCOMET Auvray et Cie and a share of a related company extraordinary item.

BOARD MEETINGS

TODAY

Interims—Alliance Trust, Relyon, Renown Inc, STC, Sycamore.

Finals—William Cook, Owen and Robinson.

FUTURE DATES

Interims—	
Exeter Building & Construc.	Aug. 12
Liberty Life Assoc. of Africa	Aug. 27
London & Scottish Marine Oil	Sep. 3
Renold	Nov. 7
Richards (Leicester)	Aug. 27
Sharpe and Fisher	Sep. 3
Tilley International	Aug. 12
Finals—	
DPCE	[illegible]
Gold Fields of South Africa	Aug. 20
Gold Fields Property	Aug. 13
Howard Shuttering	Aug. 12
London & Prov. Shop Centres	Nov. 5
New Wits	Aug. 13
Stewart Plastics	Sep. 4
Vogelstruisbult Metal	Aug. 13

Noble & Lund recovery gathers pace

AS TALKS about a possible bid continue, the interim figures for Noble and Lund reveal a continuing improvement in its fortunes.

Following a return to profits in the second half of last year the company reports that in the six months to end of June 1985 it has achieved taxable profits of £72,000 (£37,000 loss) on turnover of £1.11m (£323,000).

It is proposing to pay its first interim dividend in three years of 0.35p net per 10p share.

Directors say that they expect satisfactory results in the second half.

Last month the Gateshead-based engineer and machine tool maker said it had received an approach which might lead to a bid. It is expected there will be an announcement in the near future.

Operating profit was £60,000, compared with a loss of £45,000 last time and there was net interest receivable of £12,000 (£8,000). With tax taking £3,600 (nil), earnings per share were 1.19p (0.66p loss).

THE PROPERTY MARKET BY MICHAEL CASSELL

No soft pedalling at Peel

THE STOCK EXCHANGE can always be relied upon to slap down thrusting young upstarts and this week it was the turn of Peel Holdings, one of the property sector's most popular and promising stocks, to wonder exactly what it had done wrong.

Peel, the developer which has stolen a head-start on the rest of the field in building edge-of-town superstores, announced a 70 per cent hike in pre-tax profits and then watched its share price, which had been climbing rapidly in anticipation of good results, fall back.

The rsults were far from disappointing and prospects for the group, after a number of useful corporate acquisitions, look exciting. But with Peel's shares already notable among Properties for standing at a rare premium to asset value, the market clearly thought it was time for a breather. Peel's share price has risen from 215p at the time of the group's reorganisation and share placing in 1983 to around 440p. The latest stated net asset value is 377p a share and the City expects something nearer 475p this year.

If the Stock Exchange is temporarily soft pedalling, there are no such intentions within the group, which started to make a name for itself about four years ago when John Whittaker, a shy northerner who had built a personal fortune rejuvenating derelict property, first teams up with Peter Jevans, a former Key Markets managing director-turned retail developer, and his partner Tom Dootson.

"I had plenty of ideas but a chronic lack of millions. John had the millions and liked the ideas, so we joined forces and managed to get a head start on everyone else." Peel believes it has kept out in front and in four years has turned itself from a £5m company into a £50m business.

The key to Peel's runaway success has been its expertise in identifying and developing edge of town retail centres, now a well-established part of the UK retailing scene and proving increasingly popular with institutional investors. Given its large internal resources, Peel has never had to resort to funding partnerships, financing internally the 30 stores developed to date.

While other investors ignored the market, Peel piled in, winning planning permission and arranging pre-lets in a package approach which brought initial returns of up to 13 per cent and involved minimal risks. According to Jevans: "We don't wait for estate agents to find us something. We survey a town, find exactly what it needs and put it precisely where a retailer would ideally want it. The right site is often not on the market but that can mean a lack of competition and, if we are lucky, we can pick it up at a good price. Things are getting much tougher now as everyone catches on, but we still insist on a pre-let."

Most of the properties, retained as investments, are built on freehold sites and the first valuation, due in the current financial year, is eagerly awaited.

The first stores, occupied by names like Sainsburys, Safeway, Presto, MFI, Great Mills and Harris Queensway, were generally let at modest rents but reviews are on the horizon and they will reflect the rocketing popularity of off-centre trading and the rental increases of up to 50 per cent which have been achieved in the superstore market over the past four years. At the same time, the institutions have finally latched on and, with yields falling, values are rising.

Jevans says the latest trend is towards retail parks, where major traders can trade off each other's customer flow. Peel's first is now being developed at Blackburn and will house ten traders occupying the best part of 250,000 sq ft of floorspace. "There is enormous potential for this type of development, though the retail scene is changing so fast I expect demand will flatten out within five years."

In the meantime, Peel—which also has industrial property and housebuilding interests — intends to make the best of it. It is also looking for further takeover opportunities and another major acquisition is on the way this year. Three companies are in Peel's sights and two of them are quoted.

Mitsubishi buying City office block

IN ONE OF the City of London's largest investment deals this year, Mitsubishi Estate of Japan is buying Atlas House, on the corner of Cheapside and King Street, for £34m.

Mitsubishi, the largest office building management company in Japan, has purchased the freehold of the 45,000 sq ft building from Matheson Properties, part of the Jardine Matheson group, which acquired the offices in 1980. It said it viewed the acquisition as an excellent investment, given the level of rents in the City of London.

The building is occupied by Mitsubishi Bank and Mitsubishi Finance International, who signed a letting deal about two years ago and moved from Lombard Street after Matheson had completed on an extensive improvement and fitting out programme. Mitsubishi Bank is thought to be paying around £35 a sq ft for Atlas House, which reflects a yield of just under 5 per cent on the sale price.

● Canberra Property, the West Midlands-based private property group run by Eric Grove, has paid about £1m for three properties being sold by the Receiver of Richardson Investments, part of Ron Shucks' Espley Trust, which collapsed earlier this year. The sale involves Chadwick Manor Hotel, Boley Hall and Clopton House, which are being converted into multi-residence developments. Canberra earlier paid around £4m for a package of Espley Trust properties and sites.

● The Lilleshall Company is to appeal against a decision by the Environment Secretary not to allow retail (non-food) development on the company's 20-acre Granville Park site, which forms zone five of Telford Enterprise Zone. Lilleshall chairman David Graham-Wood claims the planning inspector made "serious errors and omissions" in his report and that the Minister was consequently misled.

● The State Bank of South Australia, advised by Dron and Wright, has acquired 4,060 sq ft—the entire third floor—in 52-60 Cannon Street, City, via an assignment from Fleet National Bank of Rhode Island, advised by Noel Alexander. The lease expires in 1991 and rent passing is £87,850 a year—equating to nearly £22 a sq ft. The bank is to establish its new wholesale banking operation in the building.

● Legal and General is buying the Kodak factory site at Maylands Avenue, Hemel Hempstead, for around £9m and plans to spend about £14m in developing a 235,000 sq ft business park.

U.S. vacancy rate still rising

IN A STYLE reminiscent of the entrepreneur who happily purchased countless cans of inedible sardines "for trading and not for eating," U.S. developers are continuing to build offices for investors instead of occupiers.

From Houston to Oklahoma City and San Diego to Denver, America's stock of empty office buildings — called "see-throughs" by an ever-imaginative and incurably optimistic broking community — has continued to rise over the past 18 months. Despite a healthy take-up of office space in many markets, the developers have still managed to produce more accommodation than anyone needs.

The reason appears to be the industry's readiness to ignore tenant demand as the justification for starting new projects and, instead, to concentrate on the strong demand for completed office developments from domestic and overseas investors.

The result has been a nationally scattered stockpile of unwanted office space which might easily wreck markets with a weaker constitution and which, even with recent high take-up rates, could take years to disappear. The problem has been most acute in the energy-related cities, where rent-free periods can extend to half the life of a five-year lease and where downtown vacancy rates have soared above 20 per cent.

Brokers Coldwell Banker calculate that, in the first quarter of 1985, the national office vacancy rate in downtown U.S. markets reached a seven-year high, standing at just over 16 per cent on average, with suburban locations recording vacancy levels of nearly 20 per cent. Coldwell Banker confirms a very buoyant leasing market but says that construction activity appears even more buoyant.

By ignoring elementary supply-demand factors, some developers are building up big problems, according to Weatherall Green & Smith, the London-based chartered surveyors who operate a New York office.

The agents, who have just published their first report on the U.S. market, say it is significant that many office developments are still being financed by means of open-ended construction loans from commercial and savings banks, both of which are eager to lend on commercial properties, despite the obvious risks.

Banks now generally seek in the order of 25 per cent of total project costs by way of guarantees or equity investment by a developer. It is this cushion which enables them to justify their continued lending and, where the property is well located and well conceived, there is little chance of foreclosure, particularly where the developer has the strength to weather any storms on the leasing front.

But Weatheralls do not believe everyone will be so lucky: "We anticipate that there will be a substantial number of foreclosures in late 1985 and early 1986, despite our view that the leasing markets will improve over this period. As ever, the projects which will suffer are those which are situated in fringe locations or do not offer the quality tenants now seek."

Many of these marginal projects have been financed by savings and loan institutions which not only seek high interest rates on construction loans but also seek a share of the equity. In many instances, these lenders could become 100 per cent owners of a project and may have to wait years for the loans to become self-supporting.

Weatheralls expect to see a number of substantial investment sales as many developers will be under pressure because of the continuing oversupply. Even so, the agents think current office yields—7.5-8.5 per cent for prime property—will remain firm as U.S. insurance companies and pension funds step up property spending.

The agents reckon that until the 1986 budget is agreed by Congress, continuing uncertainty will create tax planning problems for the real estate syndicators.

Last year they took in a record $5.1bn in investment funds and spent heavily to take advantage of generous depreciation allowances while they remained available. Even so, syndicators are expected to remain a major force in the marketplace, though there will be an inevitable shift in emphasis from tax benefits to income and future capital growth.

Appointments

IBA Investments

Investment For Sale

For Investment

Company Notices

M.T.D. (MANGULA) LIMITED
(Incorporated in Zimbabwe)

ANNOUNCEMENT OF RESULTS

Summaries of the audited operating and financial results for the nine months ended 30 June 1985 with comparative results for the year ended 30 September 1984 are as follows:

OPERATING RESULTS (Metric Tons)

	Ore Milled 1985	Ore Milled 1984	Recoverable Copper 1985	Recoverable Copper 1984
Miriam	909 800	1 237 000	7 795	10 353
Norah	373 100	513 000	2 585	4 047
	1 282 900	1 750 000	10 380	14 400
Concentrates purchased			2 410	4 808
Smelter production			12 588	19 997
Refined copper produced			12 639	18 536
Sales—Copper			12 557	19 779
—Silver (kgs)			18 963	25 540
—Gold (kgs)			197	258

FINANCIAL RESULTS (Z$000s)

	1985	1984
Turnover	36 291	46 199
Working profit	3 246	2 255
Interest (net), Dividends, Sundry Income less other expenditure	(1 616)	(2 889)
Profit/(Loss) before Extraordinary Item	1 630	(634)
Extraordinary Item	—	14
Net Profit/(Loss)	1 630	(620)
Appropriations:		
Loss carried forward	—	(620)
Loss brought forward	(620)	—
Transfer to revenue reserve	1 010	—
Net capital expenditure	36	4 981
Earnings per stock unit in cents	8.2	(3.2)

COMMENT

The return to profitability was attributable to the increased copper sales prices received since January 1985, as well as favourable exchange rates.

The lower quantity of copper produced during the period under review was due largely to the decrease in the grade of ore mined and plant breakdowns early in the fiscal year.

In view of the company's substantial loan commitments no dividend can be declared.

The report for the nine months period ended 30 June 1985 will be posted to stockholders towards the end of September 1985 and the Annual General Meeting will take place in Harare on 29 October 1985.

By Order of the Board
Z.M.D.C. MANAGEMENT SERVICES LIMITED
Secretaries
per: A. W. Bradshaw
London, 6 August 1985

London Secretaries:
African Finance Corporation (U.K.) Limited,
21 Southampton Place, WC1A 2BQ.
Share Transfer Secretaries:
Harare: Third Floor, RAL House, 67 Samora Machel Avenue.
Johannesburg: 4th Floor, 154 Market Street.
London: 6 Greencoat Place, SW1P 1PL.

MAKITA ELECTRIC WORKS, LTD.
(CDRs)

Referring to the advertisement of 4th February, 1985 the undersigned announces that the new shares from 10% bonus have been received. As from 14th August, 1985 the new CDRs Makita Electric Works Ltd. each repr. 1,000 Shs. at Yen 50, cum div.no. 36 e.c.a. and talon will be gratuitously obtainable at Kas-Associatie N.V., Spuistraat 172, Amsterdam against delivery of 200 div.cps.no. 34 of CDRs repr. 50 Shs. of Yen 50, or 10 div.cps. no. 34 of CDRs repr. 1,000 Shs. of Yen 50.

Combination of denominations is possible.

After 13th September, 1985 the equivalent of the CDRs which have not been claimed by the holders of div. cp.no. 34 will be sold. The proceeds, after deduction of expenses, will be held in cash at the disposal of said holders.

Further the undersigned announces that as from 14th August, 1985 at Kas-Associatie N.V., Spuistraat 172, Amsterdam, div.cp.no. 35 (accompanied by an "Affidavit") of the CDRs Makita Electric Works, Ltd. will be payable with Dfls. 5.13 net per CDR repr. 50 Shs. and with Dfls. 102.60 net per CDR, repr. 1,000 Shs. (div. per rec-date 20.2.1985: gross Yen 9 p.sh.) after deduction of 15% Japanese tax =

Yen 67.50 = Dfls. 90 per CDR repr. 50 Shs.
Yen 1,350 = Dfls. 18 per CDR repr. 1,000 Shs.

Without an Affidavit 20% Japanese tax =

Yen 90 = Dfls. 1.20 per CDR repr. 50 Shs.
Yen 1,800 = Dfls. 24 per CDR repr. 1,000 Shs.

will be deducted.

After 20.9.1985 the div. will only be paid under deduction of 20% Jap. tax with Dfls. 4.83 per CDR repr. 50 Shs. and with Dfls. 96.60 net per CDR repr. 1,000 Shs., in accordance with the Japanese tax regulations.

AMSTERDAM DEPOSITARY COMPANY N.V.
Amsterdam.
1st August 1985.

O.K. BAZAARS (1929) LIMITED
(Incorporated in the Republic of South Africa)

NOTICE TO PREFERENCE SHAREHOLDERS

NOTICE IS HEREBY GIVEN that the undermentioned half-yearly dividends have today been declared payable on 30 September 1985 in the currency of the Republic of South Africa, to all holders of the respective classes of shares registered in the books of the Company at the close of business on 6 September 1985.

6% First Cumulative Preference Shares. Dividend No. 102—3%.
5% Third Cumulative Preference Shares. Dividend No. 84—2½%.

The usual non-resident shareholders' tax of 15% will be deducted where applicable. The Register of Members will be closed in Johannesburg and London from 7 September 1985 to 14 September 1985, both days inclusive, for the purpose of the payment of the above dividends.

By Order of the Board
D. W. ROBINSON
Secretary

Registered Office: OK Buildings, 90 Eloff Street, Johannesburg 2001
London Registrars: Hill Samuel Registrars Ltd. 6 Greencoat Place, London SW1P 1PL
August 1985

U.S. $125,000,000
Hydro Quebec 9%
Debentures Series BE
due 1st August 1977/92

Debentures covering US$5,000,000 have been purchased on the market to satisfy the Purchase Fund due 1st August 1985

NOTICE TO HOLDERS OF EUROPEAN DEPOSITARY RECEIPTS (EDRs) IN MAKITA ELECTRIC WORKS LIMITED

We are pleased to confirm that copies of the Annual Report for the year ended February 20, 1985 are now available to EDR holders, upon application, at the offices of the Depositary, Citibank, N.A., 336 Strand, London WC2R 1HB, and the Agent, Citicorp Bank (Luxembourg) S.A., 16 Avenue Marie Therese, Luxembourg.

CITIBANK, N.A.
London Depositary
August 9, 1985.

MR. C. VLASSOPOULOS announces his resignation on 25 July 1985 as a director and officer of all Onassis Group companies.

Legal Notices

UNITED STATES DISTRICT COURT
Southern District of Ohio
Civil Action No. C-1-82-978
(SPIEGEL, J.) ROBERT JORDAN Plaintiff.
v
GLOBAL NATURAL RESOURCES PLC Defendant

Notice of Pendency of Class Action: An action is pending in the Federal District Court in Cincinnati, Ohio on behalf of a class consisting of all persons, firms or entities, other than members of the immediate families of the officers and directors of defendant Global Natural Resources PLC ("Global") who acquired the common stock of Global during the time period from June 22, 1982 to September 8, 1982 (the "Class"). If you are a member of this class but wish to be excluded from it, the Court will exclude you if you so request, in writing to the address below, by September 15, 1985. If you do not request exclusion, you will be bound by any disposition of the action, whether favourable or unfavourable to members of the class. If there is no recovery on behalf of the class, you will not be liable for any attorney's fees. If you do not request exclusion, you may, if you so desire, enter an appearance through counsel of your own choosing. If you are a member of the class as defined above and did not receive a "Notice of Pendency of Class Action," please request a copy from: Gene Mesh Co. LPA, 3133 Burnet Avenue, PO Box 29073, Cincinnati, OH 45229. The Notice of Pendency of Class Action contains important information about the litigation. 7/67b/A/29

IN THE SUPREME COURT OF BERMUDA
CIVIL JURISDICTION
1985: No. 228
IN THE MATTER OF MENTOR INSURANCE LIMITED in liquidation
AND IN THE MATTER OF SECTIONS 33 AND 35 OF THE INSURANCE ACT 1978
AND IN THE MATTER OF THE COMPANIES ACT 1981

NOTICE IS HEREBY GIVEN that the Creditors of the above-named company which is being wound-up by the Order of the Supreme Court of Bermuda are required on or before the 12th day of September, 1985, to send in their full christian and surnames, their addresses and descriptions, full particulars of their debts or claims, and the names and addresses of their solicitors (if any) to A. Verbena Daniels, Official Receiver of Bermuda, and Charles W. Kempe, Jr., Joint Provisional Liquidator of the said Company at Arthur Young & Company, 129 Front Street, in the City of Hamilton, Bermuda and if so required by notice in writing from the Joint Provisional Liquidators or any Liquidator who may hereafter be appointed to come in and prove their debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

Dated this 22nd day of July 1985.
A. VERBENA DANIELS.
Official Receiver of Bermuda and
CHARLES W. KEMPE, Jr.
Joint Provisional Liquidators.

IN THE SUPREME COURT OF BERMUDA
CIVIL JURISDICTION
1985: No. 228
IN THE MATTER OF MENTOR INSURANCE LIMITED in liquidation
AND IN THE MATTER OF SECTIONS 33 AND 35 OF THE INSURANCE ACT 1978
AND IN THE MATTER OF THE COMPANIES ACT 1981

NOTICE TO CREDITORS OF FIRST MEETING
(Under the Order for Winding-Up the above-named Company dated the 21st day of June, 1985)

NOTICE IS HEREBY GIVEN that the First Meeting of Creditors in the above matter will be held at City Hall, Church Street, in the City of Hamilton, Bermuda on the 20th day of Sepember, 1985 at 10:30 o'clock in the forenoon.

To entitle you to vote thereat your Proof of Debt and Proxy must be lodged with the Joint Provisional Liquidators at the office of Arthur Young & Company at 129 Front Street in the City of Hamilton, Bermuda not later than 5:00 o'clock in the afternoon on the 12th day of September, 1985.

Dated this 22nd day of July 1985.
A. VERBENA DANIELS,
Official Receiver of Bermuda and
CHARLES W. KEMPE, Jr.
Joint Provisional Liquidators.

NOTES
At the First Meeting of creditors, the creditors may:
1. By Resolution determine whether or not an application is to be made to the Court to appoint a Liquidator in place of the Joint Provisional Liquidators.
2. By Resolution determine whether or not an application shall be made to the Court for the appointment of a Committee of Inspection to act with the Liquidator, and who are to be the members of the Committee if appointed.

NOTE—If a Liquidator is not appointed by the Court, the Official Receiver will be the Liquidator.

Enquiries concerning the above may be addressed to the Joint Provisional Liquidators at Arthur Young & Company, 129 Front Street, Hamilton, Bermuda or by telex in Bermuda at 3253-AYCK-BA.

Personal

FT COMMERCIAL LAW REPORTS

No damages for French turkey ban

BOURGOIN SA and OTHERS v. MINISTRY OF AGRICULTURE FISHERIES AND FOOD
Court of Appeal (Lord Justice Oliver, Lord Justice Parker and Lord Justice Nourse): July 29, 1985

A GOVERNMENT Minister who prohibits imports from certain EEC states will not be liable in damages to affected importers for breach of EEC law if he acted beyond his powers but did so in good faith, believing the prohibition to be necessary for the health and life of animals in the UK.

The Court of Appeal so held (Lord Justice Oliver dissenting) when allowing an appeal by the Minister of Agriculture, Fisheries and Food, from a decision by Mr Justice Mann (*FT, October 9 1984*) on a preliminary point in a claim by French turkey importers. The judge held that the statement of claim alleging damage due to the Minister's breach of statutory duty caused by his breach of EEC law disclosed a cause of action.

Article 30 of the treaty of the European Economic Community (EEC) provides: "Quantitative restrictions on imports and all measures having equivalent effect shall . . . be prohibited between member states."

Article 36: "The provisions of article 30 . . . shall not preclude prohibitions . . . on imports . . . justified on grounds of . . . the protection of health and life of . . . animals . . . such prohibitions shall not, however, constitute a . . . disguised restriction on trade between member states."

LORD JUSTICE OLIVER, giving a dissenting judgment, said that importation of turkeys into the UK was prohibited unless licensed by the Minister.

Turkeys were prone to Newcastle disease. It could be controlled by vaccination or slaughter. A vaccinated bird might, after slaughter, carry the virus in any of its parts.

Vaccination was used in France. Until August 31, 1981, importation of French turkeys into the UK was permitted by general licence. French turkey producers built up an expanding trade.

The Ministry then reverted to its previous policy of slaughter and decided to exclude turkeys originating from countries which relied on vaccination. The general licence was revoked and replaced by a licence authorising import of Danish or Irish turkeys only. French trade came to an end.

On July 15, 1982, the European Court of Justice held the UK had failed to fulfil its obligations under article 30 of the EEC Treaty. It observed that certain facts suggested the real aim was to block French poultry imports for commercial reasons.

The Minister issued a further licence and French imports were resumed in November 1982. The importers had suffered disruption of trade and lost the benefit of the Christmas season. They issued a writ naming the Minister as defendant and claiming damages.

The question was whether they had any right in English law to sue for damages. The Minister contended their only right was to apply for judicial review of his decision.

Paragraphs 23 and 24 of the statement of claim, alleged damage caused by breach of statutory duty in that withdrawal of the licence was in breach of article 30. On a preliminary issue Mr Justice Mann held that the paragraphs disclosed a cause of action. The facts being incontestible, he entered judgment for damages to be assessed. The minister appealed.

There was ample authority in European court decisions for the proposition that individuals "directly" affected by provisions of the treaty had a right to have them observed which the law must protect (see *Van Gend en Loos [1963] ECR 1*).

It was common ground that article 30 had "direct effect" and thus conferred enforceable rights on individuals.

The remedy and procedure for enforcing the rights was a matter for the national court, which must apply rules no less favourable than those for protection of similar rights arising under domestic law (see *Comet) [1978] ECR 2043, 2053*).

The importers founded their case on the House of Lords decision in *Garden Cottage Foods [1984] AC 130* which was concerned with an interlocutory injunction to restrain breaches of article 86 [duty not to abuse dominant position].

There Lord Diplock said article 86 had direct effect and breach of the duty could be categorised as breach of statutory duty "imposed not only for . . . economic prosperity . . . but also for the benefit of private individuals." He said the nature of the cause of action could not be affected by the negative form of a prohibition and that if contravention did give rise to a cause of action, it was arguable that there was no remedy in damages.

Was the nature of the article 30 right? Rights in "private law" signified rights enabling an individual to seek remedies for breach of duty owed specifically to him. They must be distinguished from the "public law" right to have the law properly enforced and administered by a public authority, with a duty to the public at large. For breach of the latter duty judicial review was available.

The Minister argued that article 30 was addressed to member states and not to individuals.

European Court decisions established the right of individuals to enforcement as against member states for breaches of article 12 (*Van Gend en Loos*), article 40 (*Pigs and Bacon Commission [1979] ECR 2161*), and agricultural regulations (*San Giorgio [1983] ECR 3595*).

Those cases concerned the right of the individual to repayment of charges unlawfully levied in breach of EEC law. They were consistent with the right being a private right. A claim for damages for loss sustained was essentially no different from a claim for reimbursement of unlawfully levied moneys.

There was no valid distinction between the article 86 right to be protected from abusive acts, and the article 30 right which was concerned with prohibitory measures. The individual's complaint was of the same nature in each, namely, that his business had been damaged by that which the treaty prohibited.

It had been suggested that distinction from *Garden Cottage Foods* could be based on public policy.

To say that public policy of the member state prevented the granting of the ordinary remedy of damages in the case of breach of an article of the treaty would provide a protection inferior to that provided by domestic law for breach of a comparable domestic statute.

LORD JUSTICE PARKER, giving a majority judgment, said that there was nothing in the European Court decisions which positively required that for an article 30 breach, damages must be available to an individual.

The decisions pointed forcefully to the conclusion that a remedy in damages was *not* required for breach of an article having direct effect where such breach consisted of imposition of legislative or quasi-legislative measures involving exercise of judgment, unless the breach was particularly serious.

Van Gend en Loos went no further than establishing that, where an article had direct effect, individual rights must be protected by national courts. The precise nature of the right was not defined, nor the remedy.

In *Bayerische [1978] ECR 1209, 1224* an individual claimed damages against the EEC Council and Commission in respect of an invalid regulation.

The Court said: "The legislative authority . . . cannot always be hindered in making its decision by the prospect of damages . . . It follows . . . that individuals may be required . . . to accept . . . harmful effects . . . without . . . compensation."

In *Koninklijke [1979] ECR 3583, 3625* again the claim was based on invalidity of a Council regulation. The Court said: "The individual has the opportunity . . . to contest the validity . . . before a national court . . . The . . . action is . . . efficient protection."

A strange situation might arise if the Council was not liable in damages for breach of an article conferring individual rights where breach consisted in legislative acts, but the government in implementing it was liable.

The basis of those two decisions appeared to be the undesirability, in areas where choice of action depended on judgment, that member states should be hindered by the prospect of damages. In both cases reference was made to legislative measures, but there was no difference between those and withdrawal of a licence under an order having the same effect.

In English law breach of article 30 by prohibition afforded a right to judicial review to anyone with sufficient interest. The remedy would be available for a similar domestic wrong. Damages would not, however, be available.

If the Minister abused his power it would be a different matter. Damages would lie.

Garden Cottage Foods was clear authority that a private law action for breach of article 86 against an undertaking sounded in damages. But Lord Diplock emphasised that the plaintiffs were resorting purely to private law, and that they could resort to nothing else.

Article 30 created individual rights in public and private law. A breach *simpliciter* of the article sounded only in public law. A breach amounting to abuse of power sounded in private law. Neither could be categorised as breach of statutory duty in any sense known to English law.

LORD JUSTICE NOURSE, agreeing, said that the jurisprudence of the European Court recognised that remedies and procedures were best left to the law familiar to the country in which the right must be enforced.

English law had never allowed a private individual to recover damages against the Crown for an injury caused to him by an *ultra vires* order made in good faith.

That rule was grounded on the sound acknowledgement that a Minister should be able to discharge his duties expeditiously and fearlessly.

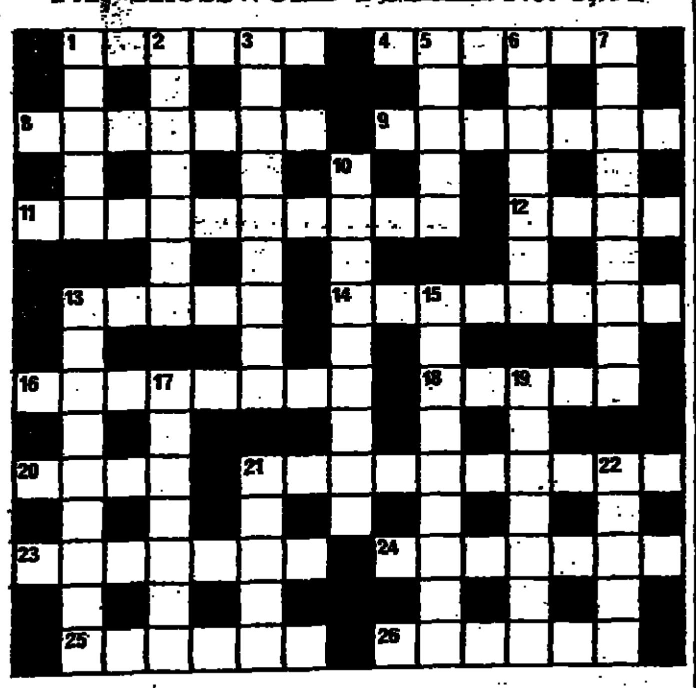
The right in the present case was a right of private individuals against the Crown for an ultra vires order made in good faith. That was a right of a kind which was not considered in *Garden Cottage Foods*.

For the importers: Richard Burton QC and Christopher Vajda (McKenna and Co.).

For the Ministry: Patrick Mayhew QC, Peter Scott QC and R. O. Plender (Solicitor, Ministry of Agriculture, Fisheries and Food).

By Rachel Davies
Barrister

F.T. CROSSWORD PUZZLE No. 5,791



ACROSS

1 Heartless girl with an establishment look (6)
4 Giving credit in the joint can cause an outcry! (6)
8 Coppers like a period for recreation (7)
9 Commanded everyone inside to write poetry (7)
11 Prison seen differently by old people (10)
12 The head quietly had a meal (4)
13 Belgian university that's superior (5)
14 A beast holding a number back is not fair (8)
16 "Sweet Helen, make me . . . with a kiss!" Marlowe (Faustus) (8)
18 Gift for a protege (5)
20 A sportsman in the dumps (4)
21 Broke down—isn't using a bearing (10)
23 A good reason for being on the beach (7)
24 Cut a portion of fish or tender chicken (7)
25 He'll try street clearance (6)
26 Stick a short notice in this place (6)

DOWN

1 Bars put right in the entrance (5)
2 An entertainer, trite as can be (7)
3 Making up (9)
5 The form of many a young woman (5)
6 City edges given a direction that's obscure (7)
7 Thought new item dated (9)
10 He'll get better naturally (9)
13 Following strike, promise illumination (9)
15 A bilingual graduate, put off but not disconcerted (9)
17 Animals close to collapse (7)
19 Place small article in bay perhaps (7)
21 Some of those chosen seem understanding (5)
22 Member of the family who's critical about one point (5)

Solution to Puzzle No. 5,790

APPOINTMENTS

York Trailer changes

Following the offer for YORK TRAILER HOLDINGS from United Parcels being declared unconditional **Mr P. D. Whyman, Mr T. M. Smith** and **Mr A. D. Youngson** (executive directors of United Parcels) and **Mr N. Moulding** and **Mr R. C. Johnson** (United Parcels engineering division) have joined the York Trailer board. **Mr J. D. Davies** and **Mr R. W. Morley** have resigned from the board. **Mr P. D. Whyman**, chief executive of United Parcels, has succeeded **Mr F. W. Davies** as chairman of York Trailer.

★

REUTERS HOLDINGS has appointed **Mr R. M. P. Shields** as a director. He became an alternate director in July 1984. In this capacity he sat on the Reuter board when any one of the three directors nominated by the Newspaper Publishers' Association could not attend. He is managing director of Associated Newspapers Group.

★

Mr David Tjioe has been appointed to take charge of HILL SAMUEL'S new representative office in Bangkok, Thailand. The representative office, which will be officially opened on September 16 is believed to be the first of its kind to be opened by a City of London accepting house in Thailand. Mr Tjioe is a Thai national, born in Indonesia and educated in England.

★

The offers for United Wire Group having been declared unconditional by SCAPA GROUP, **Mr John Gordon** and **Professor Tom Patten** have resigned as directors. **Mr Anthony Greene** and **Mr John Hume** are remaining on the board and will be joined by **Mr William Goodall** and **Mr James Haythornthwaite**, both managing directors of Scapa Group and **Mr Michael Thompson**, finance director of the group.

★

Mr Christopher Yates has been appointed chief executive of CABLETEL COMMUNICATIONS, a cable television company in which Ladbroke Group has a 75 per cent stake. Since June 1984 Mr Yates has been a full-time consultant to CabelTel which has the cable TV license for Ealing. Previously he was managing director of Radio West in Bristol and Radio 210 Thames Valley in Reading.

★

WHITEWAYS OF WHIMPLE has made the following promotions: **Mr Derek Lascelles**, formerly production director, has become director and general manager, and **Mr Haydn Sully**, formerly exports manager, has joined the board and become exports director. The company is part of Allied-Lyons.

★

Mr William Porter has been appointed deputy chairman of KLUWER (PUBLISHERS, PRINTERS & BOOKSELLERS). Kluwer NV's holding company in the UK. He is succeeded as managing director of Kluwer Publishing by **Mr Colin Ancliffe**.

Mr George King has been elected a director and is appointed chairman of STOTHERT AND PITT. He succeeds **Sir Ralph Bateman** who has retired. After a career in the vehicle industry culminating as managing director Leyland Australia and group director within BSG International with executive responsibility for the Britax operation worldwide, more recently Mr King has pursued private business interests in Australia and Malaysia.

★

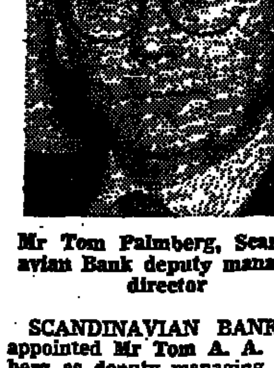
FINANCIAL AND BUSINESS EXHIBITIONS has appointed **Ms Christine Prentice** as managing director. She has been a director since June 1984, and was previously deputy head of the CBI conference unit.

★

Mr J. W. Herbert has been appointed chairman of CAPE INDUSTRIES in place of **Mr G. A. Higham**, who has retired. **Mr J. N. Clarke** has also retired from the board.

★

Mr Richard Ford has been appointed executive manager of MTI MANAGERS, administrators of Managed Technology Investors (MTI), a limited partnership fund which invests in UK-based high technology companies. He comes from the Turner and Newall Group where he had been director and general manager of TBA Belting for the last five years. Managed Technology Investors is a venture capital fund formed in 1983 by the Prudential Assurance Company, Morgan Grenfell and Co, and PA Consultancy Services.



Mr Tom Palmberg, Scandinavian Bank deputy managing director

SCANDINAVIAN BANK has appointed **Mr Tom A. A. Palmberg** as deputy managing director. He is the first Finn to hold such a senior position within the bank. Mr Palmberg, who was previously executive director at the bank, will continue to be responsible for managing the group's world-wide Finnish business and for co-ordinating its public relations activities. Other promotions include: **Mr Michael G. Burt** general manager, UK department; and **Mr Robert S. Pattimore** manager, credit analysts.

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

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CONTINUED OVERLEAF

AUTHORISED UNIT TRUSTS & INSURANCES

Pearl Trust Managers Ltd. (a)(g)
252, High Holborn, WC1V 7EB — 01-405 8441

Pearl Growth Fd	61 8	65 7	-0 1	3 48
Accum Units	91 4	97 2	-0 1	3 48
Pearl Inc	86 6	92.1	+0.3	5 15
Pearl Unit Tst	90 6	96.4	+0.1	4.23
(Accum Units)	153 3	163 1	+0.5	4 23

Perpetual Unit Trust Mngmt. (a)
48, Hart Street, Henley on Thames. — 0491 576868

Growth	178 0	191 0	-1.2	1.51
Income	135 1	144 7	+0.9	5 45
Worldwide Recovery	101 1	108 5	-0.8	2.14
American Growth	56 6	60.8	-1 0	0.69
Intl Emerging Cos	57 7	61 9	-0.4	0.79
Far East Growth Fd	47.0	50.4	-0.6	1 00

Prolific Unit Trusts
222, Bishopsgate, EC2. — 01-247 7544/7

Prolific Far East	98 9	106 0	-1 0	0.37
Prolific Extra Inc	60 3	64.3	+0.1	6.33
Prolific Gilt Cap	81.9	85.2	+0.6	1.23
Prolific High Inc	126.5	138.9	+0 4	5.66
Prolific Intl	81.5	87 6	-0.6	1.78
Prolific N. Amer	115 1	123.3	-1 4	2.48
Prolific Spec. Sits	133.1	141.9	+0.1	1.63
Prolific Technology	100.5	107.7	-1.6	0.81

Providence Capitol Fd. Mgrs. Ltd.
30 Uxbridge Road, London, W12 8PG. — 01-749 9111

Japan Trust	48 1	51 0	-0 6	—
Worldwide	47 6	50 6	-0 6	2.83
European Trust	49 9	52.9	-0 7	2.19
North American	49.3	52.3	-0 9	2.03
UK Equity	48.8	51.7		4 10

Prudential Unit Trust Mngrs Ltd. (a) (b) (c)
51-69, Ilford Hill, Ilford, Essex, IG1 2DL — 01-478 3377

Holborn Equity Tst	315.3	335 4	+1 0	3 72
Holborn Gilt Tst	153 7	160 7	+0.8	8.58
Holborn High Inc	54.2	57.6	+0.3	7.23
Holborn Intl	58.6	62 3	-1.3	0.55
Holborn UK Growth	62.0	65 9	+0.4	3.41

Quilter Management Co. Ltd.
31-45 Gresham Street, EC2. — 01-600 4177

Quadrant Gen Fd	310 7	330 6	3.82
Quadrant Income	172.0	183 0	6.87
Quadrant Intl Fund	295.5	311.1	1.53
Quadrant Recovery	189.3	201 4	3 54

Reed Stenhouse Inv Services Ltd
145 Borough High St, Ldn SE1 1NV — 01-628 6011

Wellington Inc	89.3	92.9	+0.6	6.00
Wellington Growth	98 8	105 1	+2.2	2.00

Reliance Unit Mgrs. Ltd.
Reliance Hse, Tonbridge Wells, Kent — 0892 22271

British Life	131 1	138 6	+0 4	4 91
Reliance Unit Tst (Inc)	85.5	89.2	+0 4	4 73
Reliance Ut Tst (Acc)	107 7	115 1	+0 6	4 73

Ridgefield Management Ltd.
35 Fountain St, Manchester M2 2AF. — 061-236 5685

Income UT	86.7	92 7	-0.2	7.23
International UT	214.3	229.7	+1.3	1.00

N.M. Rothschild Asset Management
St Swithin's Lane, London EC4. — 01-280 5456

NC America (Inc)	222 7	234 4	-3.8	1.43
NC America (Acc)	238.6	251 1	-4 1	1.43
NC Eng Res. Tst.	152.7	160 7	-2.1	2.56
NC Inc Fd	66.6	70.0	+0 4	5 09
NC Japan Fund	103 7	108.1	-0 7	0 02
NC Smaller Cos	101 1	106 4	-0 6	2.21
NC Smaller European	103 6	109 1	-1.2	0.80
NC Exempt Gilt Tst*	£122 0	127 0		10.57
NC American Prop*	$11 21	11 80		—
NC Prop.*	178 0	196.0		—

*Unauthorised Unit Trusts

Rowan Unit Trust Mngt. (a)
1 Finsbury Av, London, EC2M 2PA. — 01-606 1066

American Aug 8	185.5	189.5	+3.0	1.60
Securities Aug 6	541.0	556.0		3.03
High Yield Aug. 5	122.0	125.5		6.26
Merlin July 31	255.0	263 0		2.04
Fixed Interest	152.5	153.5	+1.0	2.80
High Interest	120.0	121.0	+1.0	12.30
Far East Aug 6	114.5	118.0		1.17

Royal Life Fd. Mgmt. Ltd.
New Hall Place, Liverpool L69 3HS. — 051-227 4422

Equity Trust	46 7	49.6	+0.2	3.27
International Trust	53.5	56 9	-0.8	1.73
United States Trust	26 9	28.6	-0 4	1.91
Pacific Basin	24 1	25 6	-0.3	0.63
Gilt Trust	25.2	26.5	+0.1	8.00

Royal London Unit Tst Mgrs Ltd
Ryl Ldn Hse., Colchester, CO1 1RA 0206 576115

American Growth	68 0	72 4		1.20
Capital Accum	139 7	148 7	+0.5	3 35
Gilt Income	50.6	53 3	+0.8	9.57
High Income	56.4	60.1	+0.3	6.96
Income & Growth	66 9	71.2	+0.6	5.30
Japan Growth	47 5	50.6	-0.3	0 10
Special Sits	76.7	81 7	+0.2	2.12

Royal Trust Can. Fd. Mgt. Ltd.
48-50, Cannon St, London EC4N 6LD — 01-236 6044

Capital Fund July 31	134 7	144 1	2.1
Income Fund July 31	115 6	123 6	6.80
Intl Exempt* July 31	£20.75	21.51	2.90

*Unauthorised

SKG Management Limited
20 Copthall Ave, EC2R 7JS. — 01-600 7595

Gilt Acc.	108.2	112.7	3 61
Do. Dist.	104.5	108 9	3.61
Inc & Growth Rignol.	122.3	130.1	3.03
Do. Accum.	122 3	130.1	3.03

Save & Prosper Group
28, Western Rd., Romford, RM1 3LB.
68-73 Queen St, Edinburgh EH2 4NX.
(Romford) 0708-66966 or (Edin.) 031-226 7351

Capital	80 1	85.6	-0.2	2.38
I.T U.	65.9	70 9	+0.6	3.28
Select International	56.4	60.3	-0.3	2.87
Univ. Growth	61 9	65.8	-0 4	2.21
High-Yield	119.2	126.8	+0.8	5.74
Scotyield	116.0	123.3	+0.8	4 93
Smaller Cos. Inc. Fd.	113.5	120 7	+0 3	5.20
Gilt & Fxd. Int. Inc.	53.0	55.8	+0 4	11.09
High Return	132.6	141.0	+0.7	5 73
Income	74 0	78 7	+0 3	7.17
Gilt & Fxd. Int. Grth	73.9	76.7	+0.5	3.28

TSB Unit Trusts (b) (c) (y)
PO Box 3 Keens Hse, Andover, Hants, SP10 1PG
0264 62188 Dealings to 0264 63432 3

TSB American	92 4	98 4	-1 4	1 48
Do Accum	96 2	102 5	-1 4	1 48
TSB Extra Income	82 3	88.2	+0 1	6 49
Do Accum	92 3	98.2	+0.2	6 49
TSB General	116.6	124 0	+0 4	3.50
Do Accum	188.8	200 8	+0.7	3.50
TSB Gilt & Fxd Int	47.0	49.0	+0.1	9 44
Do Accum	57.8	60 3	+0 4	9.44
TSB Income	159.5	169 7	+1.0	5.20
Do Accum	240.5	255 9	+1.6	5.20
TSB Pacific	100.5	107.0	-1.5	0.61
Do Accum	103 1	109 7	-1.6	0.61
TSB International	224.9	239 3	-2.3	1.88
Do Accum	273 7	291 2	-2.9	1.88
Natural Resources	44 6	47.5	+0.1	2.12
Do Accum	45.1	48.0	+0 1	2 12
TSB Special Opps	45 4	48.3	+0.1	2.60
Do Accum	48.8	52.0	+0.2	2.60

3i & Target Fund Mgrs Ltd
Target House, Gatehouse Road, Aylesbury, Bucks Aylesbury (0296) 5941

Small Co's Fund	65.6	70.2	-1.4	0.10

Target Trust Mngrs. Ltd. (a)(g)
Target H.se, Gatehse Rd, Aylesbury Bks — (0296) 5941

American Eagle	64.8	69.3	-0.5	0.27
Australia	29.3	31.1	-0.4	0.10
Commodity	88.8	95 3	-0.1	3 96
Energy	39 3	42.0	-0.5	0.33
Equity	96.5	103 1	+0 4	3 95
European Spec. Sits	51.4	55.0	-0 4	0.66
Extra Income	88.5	94 7	+0 1	8.58
Financial	199.8	213.2	+0.2	2.67
Gilt Capital	221.6	232.0	+2.0	3.25
Gilt Income	104.1	109 0	+0.9	8.31
Gold Income	61.5	65.8	+0.5	1.78
Gold Acc	111.3	119 0	+0.7	1.78
Income	57 6	62 0	+0.2	5.00
Japan	44.1	47 0	-0.6	0.1
Malaysia & Singapore	23 4	24 9		1.18
Pacific Income	63 7	68.1	-1 4	0.49
Pacific Re Inv	77.3	82.6	-1 7	0.49
Preference Share	15.8	17 0		10 18
Professional	461.3	491.9	-0.5	1.57
Special Sits	78 1	83.5	+0.1	1 19
Technology	41.0	43.7	-0.4	0.10
U S Special Bond	49 6	53 0	-0 4	6.37
Worldwide Capital	106.2	113.3	-0.5	1.86
Equity Exempt July 30	599 1	639 1		2.56
Equity Ex Acc July 30	1,101 1	1,174.5		2.56

Temple Bar Unit Trust Mgrs Ltd
Electra Hse, Temple Pl, Vic Emb, WC2. — 836 7766

Electra Small Cos. Fd.	117,7	124.2		4.16
High Income	40.2	43.1	+0 1	7 49
North American	101 0	107 4	-1.9	0 96
Recovery	119 1	126 7	+0.5	3 98
Gilt Trust	37.5	38.9	+0 4	9.67
St Vincent U.S. Grth	65 7	68 3	-1.3	0 99
St. Vincent High Inc	66.7	68.8	+0.1	6.52

Touche, Remnant Unit Trust Mngt. Ltd.
Mermaid Hse, 2 Puddle Dock, EC4 — 01-248 1250

TR American Growth	27.4	29.5	-0.3	0.24
TR General Growth	37.2	39.5	+0 1	3.27
TR Global Tech	27.9	29.7	-0 4	0.1
TR Income Growth	44 0	47 3	+0.4	5.38
TR Income Monthly	38.3	40 8	+0 1	7.66
TR Overseas Growth	31 6	33.6	-0.4	1 75
TR Smaller Cos	39.3	41 9	+0.1	1 95
TR Special Opt	40.8	44 0	+0.2	1.19

Trades Union Unit Trust Managers
100, Wood Street, EC2. — 01-628 8011

TUUT Aug. 1	125 4	132.1	3 95

Transatlantic and Gen. Secs. (c) (y)
91-99, New London Rd, Chelmsford — 0245-51651

Calemco Aug 2	360.8	377 5		4 57
(Accum. Units)	576.1	602 8		4.57
Fielding Fd Aug 8	190.5	200.5	+3 7	3 81
(Accum. Units)	206.8	217 7	+4 0	3.81
Fielding Inc Aug 8	130.5	137.4	+1.6	5.37
Fldng AM&Gen Aug 8	199 0	211.5	+12 4	1 47
(Accum Units)	223 7	237.8	+13.9	1.47
S&W American Aug 7	133.8	140.8		1.39
S & W Smaller Secs.	93.2	98 3		1.19

Tyndall Managers Ltd.(a)(b)(c)
18, Canynge Road, Bristol — 0272 732241

Australian Securities	65 4	70.0	-1 1	0 70
(Accum. Units)	67.1	71 9	-1.1	0 70
Capital	256.0	271 4	+0.6	4.27
(Accum Units)	445.6	472 4	+1.2	4.27
Exempt	216.4	230 6	+0.2	7.47
(Accum. Units)	475.6	506.6	+0 4	7 47
Far Eastern	117.6	126.0	-1 7	1.03
(Accum. Units)	124 9	133.8	-1.8	1.03
Fin & Prop.	39 7	42.3	+0.3	4.26
(Accum Units)	61.0	65 0	+0.4	4.26
Gilt Capital Trust	116.5	123 1	+0.8	7 02
(Accum. Units)	127.5	132 6	+0.8	7 02
Gilt Income	105 7	109.7	+0.7	10.00
(Accum Units)	159.3	165.3	+1.1	10.00
High Yield	39.5	42.1		7.39
(Accum Units)	82.2	87.6	+0.1	7.39
Income	170.8	181.2	+0.6	6.87
(Accum Units)	504.0	534.4	+1 4	6.87
Int. Emis	121.4	129.4		3 43
(Accum Units)	172.0	183.2	-0.2	3.43
International Grwth.	57.5	61.3	-0.8	1.49
(Accum. Units)	58.9	62.8	-0.8	1.49
Japan Growth (Acc)	58 4	62.7	-1.0	0.20
Natural Resources	182.6	194 6	-2.0	2.58
(Accum Units)	259 4	276 4	-2.8	2.58
Nth Amer Grth	105.5	112.9	-1.4	1.61
(Accum Units)	120.8	129.3	-1.6	1.61
Pref	107.6	114 8		11 40
(Accum Units)	256.8	273 6		11.40
Smaller Cos.	135.6	144 5	+0.4	2.56
(Accum Units)	179.2	190.9	+0.5	2.56
Smaller Cos. Div	43.6	46.5	+0.1	7.07
(Accum Units)	47.8	51 0	+0.2	7.07
Special Sits	80 7	86.0		2.56
(Accum Units)	82.9	88.3	-0.1	2.56
European Growth	55.0	58.6	-1.1	1.76

Unit Trust Account & Mgmt. Ltd.
Regis Hse, King William St, EC4R 9R 01-623 4951

Friars Hse. Cap Fd.	99.8	106.2	2.35

Vanguard Trust Managers Ltd.
Bath Hse, London, EC1A 2EU. — 01-236 5080

American & Gen Aug 6	47.2	50.2	3 43
Growth Aug 6	127.8	133 7	3.15
(Accum Units)	181.8	190.1	3 15
High Yield Aug 6	141.5	149.0	5.81
Special Sits Aug 7	272.4	286 7	3.81
Trustee Aug 7	95.7	100 7	4.98

INSURANCES

INSURANCE, OVERSEAS & MONEY FUNDS

OFFSHORE AND OVERSEAS

Money Market Trust Funds

Money Market Bank Accounts

OPTIONS

3-month call rates

Industrials	p
Allied-Lyons	16
BAT	32
BOC Grp	25
BSR	16
BTR	52
Babcock	14
Barclays	48
Beecham	32
Blue Circle	45
Boots	15
Bowaters	20
Brit Aerospace	33
Brit. Telecom	11
Brown (J.)	3
Burton Ord	39
Cadburys	14
Charter Cons	18
Comm Union	19
Courtaulds	12½
Debenhams	17½
Distillers	28
FNFC	8½
Gen Accident	45
Gen Electric	17
Glaxo	85
Grand Met	25
GUS 'A'	68
Guardian	60
GKN	17
Hanson Tst.	17½
Hawker Sidd	38
ICI	68
'Imps'	18
Jaguar	28
Ladbroke	24
Legal & Gen	50
Lex Service	28
Lloyds Bank	45
Lucas Inds	25
Marks & Spencer	11
Midland Bk	38
NEI	8
Nat West Bk	60
P & O Dfd	36
Plessey	17
Polly Peck	26
Racal Elect	18
RHM	11
Rank Org Ord	32
Reed Intnl	50
Sears	8
TI	20
Tesco	20
Thorn EMI	35
Trust Houses	13
Turner Newall	20
Unilever	85
Vickers	19
Property	
Brit Land	12
Cap Counties	18
Land Secs.	25
MEPC	28
Peachey	22
Samuel Props	14
Oils	
Brit. Oil & Min	4
Brit Petroleum	42
Burmah Oil	18
Charterhall	6
Premier	5
Shell	60
Tricentrol	18
Ultramar	19
Mines	
Cons Gold	44
Lonrho	14
Rio T Zinc	56

A selection of Options traded is given on the London Stock Exchange Report Page.

COMMODITIES AND AGRICULTURE

U.S. farm secretary warns of 'severe credit problems'

BY NANCY DUNNE IN WASHINGTON

AMERICAN FARMERS will be in for "another round of severe credit problems" next winter, which the Government's Farmers' Home Administration will be unable to handle, according to Mr John Block, the agriculture secretary.

Speaking in a telephone interview Wednesday with farm journalists, the secretary said he had briefed President Reagan, the cabinet, representatives of key government agencies and Congress to appraise them of the on-going farm problems, caused by low prices, falling land values and weak exports.

"The Farmers' Home Administration is overburdened right now . . . we cannot accept another deluge of new borrowers," he said.

As a result of the credit crunch this year, the Farmers' Home Administration, once the agency for the least credit-worthy farmers, made a record $5.1bn in loans in the first nine months of the fiscal year. That included $4.1bn in operating loans to more than 76,000 borrowers. Last month it ran out of money and had to be funded through a special bill.

Mr Block said he hoped new borrowers would be able to get commercial credit, however he acknowledged that the administration has to "keep an eye on" the troubled farm credit system, the co-operative system of land-banks and production credit associations, which is the largest single source of credit for American farmers.

The system, holding one-third of the farm debt, has had to commit its $6bn reserves to prop up troubled regional banks, and more help may be needed from the Federal Government.

The U.S. Department of Agriculture last week released its most comprehensive study yet of farm indebtedness. It found nearly one-third of all farms with annual sales over $40,000 experiencing some form of financial difficulty.

These farms, while comprising only 34 per cent of the total, produce 90 per cent of all U.S. farm sales. A large proportion of them are highly geared.

The survey found that 29 per cent of the total farm debt is owed by the most deeply indebted farmers — those with debt/asset ratios of over 70 per cent — who are considered greatly at risk. Those with debt/asset ratios of 40-70 per cent owe about 33 per cent of the total debt.

Two-thirds of the most severly troubled farmers report sales of more than $100,000 per year.

American options trial nears completion

By Our Washington Staff

THE U.S. Commodities Futures Trading Commission (CFTC) next Tuesday will consider the future of non-agricultural options trading which it regulates in the U.S. as the October 1 deadline approaches for the end of its three-year trial programme.

By most measures, the programme is considered a success. Last year more than 15.4m options changed hands, allowing the industry to maintain its high volume business despite falling trade in agricultural futures. The trading of agricultural options which had a later start, will not be assessed in the current review.

The Commission must now decide whether to extend the current programme or to simply turn options trading over to the exchanges without the rule-making and close CFTC supervision of the past three years. Now, the CFTC limits the number of non-agricultural options to five on each exchange. The larger exchanges want the number expanded.

At present each option contract regulated by the CFTC must be based on a futures contract with a minimum volume of 1,000 contracts a day. The Commission will consider a proposal to raise the minimum to 3,000 contracts.

The options under review do not include currency options traded in Philadelphia or equity options, which are regulated by the Securities and Exchange Commission.

Thus far, the CFTC programme has been relatively free of complaints, with the exception of the March 20 default of Volume Investors Corporation which could not meet its obligations in trading gold options on the commodity exchange.

As a result of the default, the CFTC is proposing to issue guidelines for the exchanges designed to ensure, to the extent possible, that the margins assessed on options positions, both long and short, are "commensurate with the risk assumed."

Rubber pact faces its worst crisis

Wong Sulong looks ahead to next week's International Natural Rubber Organisation meeting

A SENSE of gloom and helplessness is spreading through the world's rubber industry as the 33-nation International Natural Rubber Organisation (Inro) prepares to meet in Kuala Lumpur next Tuesday.

The immediate topic at the special session of Inro's governing council will be a possible reduction in its reference price for rubber. However, far more is at stake than just a token price cut.

The International Natural Rubber Agreement is up for renegotiation over the next two years. But both producing and consuming countries are becoming increasingly disillusioned with the current pact. Delegates from the two sides must be asking themselves whether a new one will be worth the effort.

The council meeting has been called because the Inro buffer stock manager, having bought heavily to support prices in recent weeks, has accumulated over 300,000 tonnes in his stockpile.

Unless members can reach consensus on an alternative course of action, the rules call for an automatic 3 per cent cut in the reference price once stocks exceed the 300,000 tonne mark.

The reference price, 208 cents per kg at present, is used to calculate the price band within which the rubber agreement is supposed to keep prices, currently between a floor of 166 cents and a ceiling of 249 cents.

But lurking behind Inro's immediate problems is a much more serious trend the substantial drop in market prices for rubber over the last 18 months, reflecting a growing imbalance between supply and demand.

On the Kuala Lumpur Commodities Exchange in the first half of this year, the average price for RSS One, the top grade, was 193 Malaysian cents —fore than 20 cents below its level in thesameperiod last year.

In recent years, demand has risen only marginally, while world production rose by 14 per cent, from 3.7m tonnes to 4.2m, between 1982 and 1984.

Datuk Paul Leong, Primary Industries Minister of Malaysia, the world's biggest producer, believes the problem of over-supply is threatening to get out of control. If output continues to outstrip demand, prices could be heading for a collapse, he warns.

Malaysia itself is not to blame. It recorded no increase in output during the past five years, and last year, its production actually fell by 2 per cent, to 1.53m tonnes.

But in the same period its neighbours, Indonesia and Thailand, boosted production substantially, while output from China, India and Brazil also rose.

Malaysia feels rubber producers were misled by international lending agencies which have encouraged new plantings on the basis of an anticipated steady rise in rubber prices, and a possible serious shortage in the 1990s.

Indonesia, which has embarked on an active policy of diversification away from oil, is undercutting its rivals with incentives giving its exporters 180 days' credit at subsidised rates of interest of 6 per cent.

"The prime lending rate in Indonesia is over 20 per cent, and it makes sense for Indonesian rubber exporters to sell as much as they can, even at lower prices, because they'll make money on the interest spread," comments an official of the Malaysian Rubber Exchange.

In the medium term, there is little prospect of a firm uptrend in prices because of the massive Inro buffer stock, which will take years to deplete.

Against, this background, there is a distinct possibility that there will not be another International Natural Rubber Agreement. Consuing and producing countries, meeting in Geneva last April, failed to agree on a new pact. They decided to extend the present one, which expires in October, for another two years.

Many consumers are complaining of the high cost of financing the buffer stock, which has absorbed nearly 700m ringgit £207m in members' contributions. They are ill-disposed towards the idea of supporting prices with such a huge stock overhang and an asusrance of plentiful supplies for several years to come.

For Malaysia, the drop in prices has extremely serious implications. Although rubber has dropped to fourth place among Malaysia's export commodities, after a century as its leading export, it is still the nation's most important product politically and socially. More than 2m people are directly dependent on it.

In the past, the country's reaction to low rubber prices and competition from its neighbours has been to switch over to more lucrative crops such as oil palm and cocoa.

This is still the case, but the Government recognises that there is a limit to how far this can go. There are 2m hectares under rubber, and a large part of this is on soil and terrain only suitable for rubber.

The Malaysian industry's new slogan is "compete or die," reflecting Datuk Leong's belief that the country has become a relatively high-cost producer.

In the meantime, such is the disillusion of smallholders in the country that they have called on the Government to pull out of Inro and start its own price stabilisation programme — a move that would be tantamount to the country cutting off its nose to spite its face.

Zinc demand falls as output rises

By Our Commodities Editor

Zinc consumption in the non-communist world fell by more than 3 per cent between the first half of 1984 and this year, while mine production rose by nearly 2 per cent, according to figures released yesterday by the International Lead and Zinc Study Group.

The statistics are an indication of the background to the collapse in zinc prices on the London Metal Exchange earlier this year, which took the three-months quotation from highs of more than £820 a tonne in early March to its current level of around £540.

Non-communist world consumption totalled 2.372m tonnes between January and June, compared with 2.457m in the same period of last year. Mine production (on the basis of metal content)—already at a record level in 1984—rose to 2.556m tonnes this year from 2.508m last, while refined zinc output was also slightly up.

Dutch flower exports up

BY ANDREW GOWERS

DUTCH EXPORTS of cut flowers and potted plants are booming this year, as the country cashes in on growing demand in key markets such as the United Kingdom.

According to figures released yesterday by the Flower Council of Holland, which represents the country's growers and exporters, sales worldwide of flowers and plants in the first half of this year were nearly 15 per cent up on the same period of 1984.

In West Germany, the U.S., Britain and Italy, they totalled Fl1.22bn (£276m). The Netherlands claims to be the world's largest exporter of these products, ahead of Colombia, Israel and Kenya.

In the UK, where the Flower Council is undertaking a major promotion exercise in conjunction with British growers, Dutch sales of cut flowers between January and June were 31 per cent above the level in the first half of last year. Potted plant exports were nearly 20 per cent up.

This follows an increase of 33 per cent between 1983 and 1984, demonstrating that a British ban on imports of Dutch chrysanthemums—imposed in late 1983 because of rust disease —had a negligible effect on overall Dutch sales.

Exports to the U.S. and Italy are also sharply higher this year.

Mr Niek van Rest, managing director of the Flower Council in Leiden, said yesterday that the increases reflected rapidly rising per capita consumption in those countries, and that there remains great potential for further growth.

"If you look at per capita consumption of flowers, especially in the UK, it's nothing compared to that in the Netherlands, West Germany and Switzerland," he said.

"In the Netherland, flowers have almost become a necessity item."

British wholesalers and retailers were now moving away from their traditional style of business, which has involved low sales volumes and high margins, and looking to provide consumer with greater variety.

Palm oil futures trading expected to restart soon

BY WONG SULONG IN KUALA LUMPUR

MEMBERS OF the Kuala Lumpur Commodities Exchange (KLCE) will hold an extraordinary general meeting on Saturday to approve major reforms that will pave the way for a resumption of palm oil futures trading, probably at the end of September or in October.

The five-year old exchange was crippled by a massive palm oil default in March 1983, and since February this year, palm oil trading has ceased as traders await the introduction of new trading rules.

Tan Sri Lee Boon Chim, the KLCE chairman, said yesterday he was confident there would be a revival in trading on the exchange since there was keen interest for an early resumption of trading.

"Malaysia is the world's biggest palm oil producer and it is in the interest of everyone —the plantation owners, the refiners and brokers—that there is an active market for them to trade and hedge," he said.

The KLCE also deals with rubber futures, but volume has been subdued due to the lack of price movement, compared with palm oil prices which had been very volatile.

The most important reform to the KLCE is that trading will be based on a chain of responsibility, whereby the newly incorporated Malaysian Futures Clearing Corporation, will only guarantee trades by clearing members who in turn will guarantee non-clearing floor members, trade associates and other clients.

The KLCE will take up 40 per cent equity in the clearing house, while clearing members and banks will hold 30 per cent each.

It is hoped that by putting the clearing house under KLCE control, the two organisations will work in tandem, instead of moving in opposite directions as happened during the March 1983 palm oil crisis.

The clearing house will have an authorised and paid-up capital of 50m and 25m ringgit respectively.

Clearing members should have a paid-up capital of 1m ringgit (previously 250,000 ringgit), and net tangible assets of 2m ringgit.

LONDON MARKETS

COPPER VALUES fell back sharply on the London Metal Exchange partly on sterling's rise and partly because of the knock-on effects of the recent easing of supply squeeze fears. Cash higher grade metal closed £15.75 down on the day at £1,043.25 a tonne.

The squeeze fears had lifted the premium for cash copper over the three months position to around £40 a tonne early last week but by yesterday this had changed into discount of £22.50. The speed of the switch from premium to discount had caught some traders with uncomfortably large cash holdings which they had hoped to "lend" to the market at a profit by selling cash and buying forward. Yesterday some of these apparently decided they could wait no longer for the cash premium to be re-established and were forced to lend metal at a loss.

LME prices supplied by Amalgamated Metal Trading.

ALUMINIUM

	Unofficial close (p.m.) £ per tonne	+ or —	High/low
Cash	751-.5	−8.25	752/752
3 months	7-745	−7.5	780/772

Official closing (am): 751-.5 (756-7): three months 774-5 (779.5-80): settlement (757). Final Kerb close: 772.5-3.5. Turnover 33,400 tonnes.

COPPER

Higher grade	Unoffic'l close	+ or —	High/low
Cash	1043-.5	−15.75	1046/1042
3 months	1066.5-7	−12.75	1078/1066.5

Official closing (am): Cash 1042.5-3.5 (1055-7): three months 1068.5-9 (1075-6): settlement 1043.5 (1057). Final Kerb close: 1067-8.

Cathodes			
Cash	1016-20	−13.5	1020/1018
3 months	1037-41	−13	1040/1040

Official closing (am): Cash 1019-20 (1025-6): three months 1040-2 (1045-8): settlement 1020 (1026). Turnover 59,525 tonnes. U.S. producer prices 66/69 cents per lb.

LEAD

	Unofficial close (p.m.) £ per tonne	+ or —	High/low
Cash	294.75-5	−1.13	296/295.5
3 months	298-.75	−0.75	299/298

Official closing (am): Cash 295-5 (295.5-6): three months 299-.25 (298.75-9): settlement 295.5 (296). Final Kerb close: 298-8.5. Turnover 6950 tonnes. U.S. Spot: 19/21 cents per lb.

NICKEL

	Unofficial close (p.m.) £ per tonne	+ or —	High/low
Cash	3680-90	−20	—
3 months	3750-60	−17.5	3720/3725

Official closing (am): Cash 3675-85 (3700-10): three months 3740-50 (3770-5): settlement 3685 (3710). Final Kerb close: 3740-50. Turnover 552 tonnes.

ZINC

	Unofficial close (p.m.) £ per tonne	+ or —	High/low
Cash	539-40	−10	539/539
3 months	543-4	−4	548/539

Official closing (am): Cash 538-.5 (552-3): three months 541-.5 (551-2): settlement 538.5 (553). Final Kerb close: 544-.5. Turnover 9400 tonnes. U.S. Prime Western, 41-41.75 cents per lb.

MAIN PRICE CHANGES

In tonnes unless otherwise stated.

METALS	Aug. 8 1985	+ or —	Month ago
Aluminium	£1100	......	£1100
Free Mkt	$1050/70	......	$1058/66
Copper			
Cash h Grade	£1043.25	−15.75	£1048.5
3 mths	£1066.5	−12.75	£1057.75
Gold Troy oz	$322.75	+1.5	$314.75
Lead Cash	£294.87	−1.13	£293
3 mths	£298.5	−0.75	£295.5
Nickel			
Free Mkt	229/248c	......	230/250c
Palladium oz	$98.50	−0.25	$94.00
Platinum oz	$278.75	+0.75	$265.80
Quicksilver†	$290/300	......	$280/290
Silver troy oz	452.75p	−2.20	435.90p
3 months	464.95p	−2.80	448.55p
Tin cash	£9235.5	−50.5	£9050.5
3 months	£9210.5	−46	£9060.5
Tungsten	$71.85	......	$72.75
Wolfram 22.04lb	$64.70	......	$58.62
Zinc	£539.5	−10	£526
3 months	£543.5	−4	£521.5
Producers	$850	......	$830

OILS	Aug. 8 1985	+ or —	Month ago
Coconut (Phil)	$615x	−5	$560
Palm Malayan	$427.5w	......	$510
SEEDS			
Copra Phil	$340x	......	$340
Soyabean (U.S.)	$220.5w	+2	$232.25
GRAINS			
Barley Fut. Nov.	£102.10	−0.30	£99.80
Maize	£134.00	−2	£141.00
Wheat Fut. Nov.	£101.60	−0.10	£100.55
No. 2 Hard Wint.	‡	......	‡
OTHERS			
Cocoa Ft. Dec.	£1733.5	+14.5	£1781.5
Coffee Ft. Nov.	£1718	+17	£1752.5
Cotton A Index	67.65c	−0.85	61.60c
Gas Oil Sept.	$229.25	+1.25	$216.25
Rubber (kilo)	63.5p	−1	65p
Sugar (raw)	$117.5x	−9.5	$86.5
Wooltops 64s	435pkilo	......	440pk

‡ Unquoted. x Aug-Sept. w Sept. z July-Aug. † Per 76 lb flask. c Cents per pound.

TIN

High grade	Unofficial close (p.m.) £ per tonne	+ or —	High/low for day
Cash	9235-6	−52	—
3 months	9212-4	−44.5	9212/9212

Official closing am): Cash 9235-8 (9245-50): three months 9215-22 (9220-30): settlement 9238 (9250).

Standard			
Cash	9235-6	−50.5	9245/9258
3 months	9210-1	−46	9228/9210

Official closing (am): Cash 9235-8 (9240-5): three months 9211-2 (9220-1): settlement 9238 (9245). Final Kerb close: 9210-11. Turnover 1845 tonnes. Straits tin $m30.25 (30.45) kilo.

GOLD

Gold rose $1½ an ounce from Wednesday's close in the London bullion market yesterday to finish at $322½-323. The metal opened at $322-322½ which proved to be the day's low and touched a high of $323-323½. Activity around the afternoon fixing prompted a small improvement while a weaker dollar and unrest in South Africa provided background support.

GOLD BULLION (fine ounce) Aug. 8

Close	$322¼-323	(£238½-239)
Opening	$322-322½	(£239½-240)
M'n'g fix	$322.90	(£237.864)
Aft'n'n fix	$322.50	(£239.096)

GOLD AND PLATINUM COINS

Kr'g'r'nd	$326-326½	(£240¾-241¼)
½ Krug.	$171-171½	(£126¼-126¾)
¼ Krug.	$89½-90	(£66-66½)
1/10 Krug.	$35½-36¼	(£26½-26¾)
Mapleleaf	$332½-333	(£245¾-246)
New Sov.	$76¼-76¾	(£56¼-56¾)
½New Sov	$46¼-46¾	(£34¼-34½)
Old Sov.	$77-78½	(£57-58)
$20 Eagle	$460-510	(£339¾-376¾)
Noble Plat	$288½-291¾	(£212¼-215)

SILVER

Silver was fixed 2.2p an ounce lower for spot delivery in the London bullion market yesterday at 452.75p. U.S. cent equivalents of the fixing levels were: spot 614.6c, up 3.6c; three-month 626.25c, up 4c; six-month 638.75c, up 3c; and 12-month 666.8c, up 3.65c. The metal opened at 456-459p (613-616c) and closed at 454-457p (614-617c).

SILVER per troy	Bullion Fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	452.75p	−2.20	453p	−4.5
3 months	464.95p	−2.60	466p	−4.5
6 months	476.85p	−3.20	—	—
12months	500.85p	−3.05	—	—

LME—Turnover: 71 (58) lots of 10,000 oz.

Cash high/low 453p; three months high/low 466p, final kerb 466.5p.

GRAINS

In very dull trading conditions values eased on lack of buying interest and light profit-taking to close around the day's lows, reports Muirpace.

	WHEAT		BARLEY	
Mnth	Yesterd'ys close	+ or —	Yesterdys close	+ or —
Sept.	98.70	−0.20	98.70	−0.30
Nov.	101.60	−0.10	102.10	−0.30
Jan	105.35	−0.05	105.80	−0.30
Mar	108.70	+0.20	108.75	−0.30
May	112.15	+0.05	111.55	−0.30
July	114.95	—	—	—

Business done—Wheat: Sept 98.75 only. Nov 101.60-1.55, Jan 105.30-5.25, March 108.65-8.50, May 112.10-2.00, July untraded. Sales: 67 lots of 100 tonnes. Barley: Sept 98.80 only, Nov 102.20-2.05, Jan 105.80 only, March 108.85-8.75, May 111.70-1.55. Sales: 122 lots of 100 tonnes.

LONDON GRAINS—Wheat: U.S. dark northern spring no. 1 15 per cent Sept 119.25, Oct 122.10, Nov 124.90, Dec 126.60 sellers transhipment east coast. U.S. no. 2 soft red winter Sept 108.25, Octo 112, Nov 114, Dec 115 sellers. EC second-half Aug 115 seller. English feed fob Jan/March 109.50 paid east coast. Aug 20/Sept 10 101.50 bid, first-half Sept 99.50, first-half Oct 102.50, Oct 103, Oct/Dec 104.25-105.00, April/May 115.75 east coast. Maize: U.S. no. 3 yellow/French transhipment east coast Aug 134, Oct/Dec 131 sellers. Barley: English feed fob spot 103, April 99.00 bid, Sept 99.50 bid, Oct 103.50-104.00, Oct/Dec 106.00 bid, Jan/March 110.00 buyer east coast. Rest unquoted.

HGCA — Locational ex-farm spot prices. Feed barley: S. East 93.50, S. West 92.80, W. Mids 94.50, N. East 94.50. The UK monetary coefficient for the week beginning Monday August 12 will change to 0.976.

COCOA

In active trading futures traded £20 higher and, although later moving over a £30 range, ended the day on a firm note near the highs. Producers once again were scale-up sellers of new crop positions whilst consumers re-entered the market on any dip in prices, reports Gill and Duffus.

COCOA	Yesterday's Close £ per tonne	+ or —	Business Done
Sept.	1734-1736	+19.5	1757-1707
Dec.	1733-1734	+14.5	1739-1710
Mar.	1747-1748	+22.0	1748-1725
May	1756-1758	+17.5	1756-1740
July	1770-1773	+17.0	1773-1760
Sept.	1785-1788	+18.0	1786
Dec.	1795-1799	+11.0	1799-1785

Sales: 3,341 (2,805) lots of 10 tonnes.

ICCO indicator prices (U.S. cents per pound). Daily price for August 8: 101.09 (99.18). five-day average for August 9, 99.84 (99.48).

COTTON

LIVERPOOL—Spot and shipment sales amounted to 174 tonnes. Operations indicated some freer involvement among spinners. Activity centred on American growths.

INDICES

FINANCIAL TIMES

Aug 7	Aug 6	M'th ago	Year ago
256.09	255.33	271.49	291.81

(Base: July 1 1952 = 100)

REUTERS

Aug. 8	Aug. 7	M'th ago	Year ago
1703.4	1715.7	1726.0	1873.0

(Base: September 18 1931 = 100)

DOW JONES

Dow Jones	Aug. 7	Aug. 6	Month ago	Year ago
Spot	114.58	114.72	—	129.58
Fut.	114.79	114.96	—	127.58

(Base: December 31 1974 = 100)

COFFEE

After steadier sterling had influenced early losses of £15-22, prices gradually improved to trade slightly above the previous close, reports Drexel Burnham Lambert. Commission house selling restricted gains and with sterling steady prices remained under pressure until dealer buying produced a firm close.

COFFEE	Yesterday's Close	+ or —	Business Done
Sep	1665-66	+7.0	1666-43
Nov.	1716-20	+17.0	1715-78
Jan.	1767-69	+24.5	1770-20
March	1790-92	+25.5	1795-50
May	1806-10	+24.5	1806-65
July	1820-45	+17.0	1804
Sept.	1830-40	+10.0	—

Sales: 2,888 (3,015) lots of 5 tonnes.

ICO indicator prices (U.S. cents per pound) for August 7: Comp daily 1979 118.27 (118.14); 15-day average 117.35 (117.49).

SUGAR

LONDON DAILY PRICE—Raw sugar $117.50 (£86.50), down $9.50 (down £9.00) a tonne for August-September delivery. White sugar $153.00, down $4.50.

Prices consolidated around overnight levels after Wednesday's sell-off as trade support emerged, reports C. Czarnikow.

No. 6 Con-tract	Yest'day's close	Previous close	Business done
	$ per tonne		
Oct	120.4-120.8	118.6-119.0	127.4-118.8
Dec	124.6-124.8	124.8-124.8	126.5-124.5
Mar	134.4-134.8	134.8-135.6	136.2-132.8
May	136.8-137.8	136.8-136.8	138.8-136.6
Aug	140.4-141.8	146.8-141.6	—
Oct	145.8-147.8	145.8-148.8	146.0

Sales: 2,777 (5,672) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis sugar was £191.00 (£200.50) a tonne for export.

International Sugar Agreement—(U.S. cents per pound fob and stowed Caribbean ports). Prices for August 7: Daily price 4.26 (4.51); 15-day average 4.01 (3.93).

SOYABEAN MEAL

The market opened £1.50 down on strong sterling, reports T. G. Roddick. Prices remained on the defensive on commission house selling.

	Yesterday close £ per tonne	+ or —	Business Done
August			
October	116.0-116.5	−2.05	117.0-116.0
Dec	120.0-120.5	−1.75	120.0-119.8
Feb	124.0-124.8	−2.10	125.0-124.5
Apr	125.5-127.0	−1.25	125.5
June	128.0-128.8	−0.45	—
August	128.0-128.0	—	—

Sales: 512 (331) lots of 20 tonnes.

RUBBER

The London physical market opened slightly easier, drifted lower throughout the day and closed on a weak note, reports Lewis and Peat. Closing prices (buyers): spot 63.50p (64.50p); Sept 61.50p (62.50p); Oct 61.50p (62.50p). The Kuala Lumpur fob price for RSS No 1 was 191.0 (191.5) cents a kg and for SMR 20 was 159.0 (159.5).

OIL

In thin trading, Brent for August or early September was at premium of 50-55 cents over "any" September. Nymex WTI for September opened 10c down and traded 1c down at 1 pm EST. In the proleum products market naptha weakened because of poor demand, unsold material and weakening gasoline. Gas oil contiued to firm on strong Continental demand. There is effectively a two-tier heavy fuel oil market in Europe, with good quality products still in short supply carrying up to a $3 premium over poor quality —Petroleum Argus, London.

SPOT PRICES

	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel)—Aug.		
Arab Light	27.25-27.35*	—
Arab Heavy	25.15-25.25*	—
Dubai	25.85-25.90*	+0.05
Brent Blend	26.50-26.55*	−0.075
W.T.I. (1pm est)	27.20-27.30*	+0.025
Forcados (Nigeria)	27.15-27.20	—
Urals (cif NWE)	26.05-26.15	—
PRODUCTS—North West Europe Prompt delivery cif ($ per tonne)		
Premium gasoline	271-273	−4
Gas Oil	233-235	+2
Heavy fuel oil	135-138	—
Naphtha	246-248	−3

* September. Petroleum Argus estimates

GAS OIL FUTURES

Month	Yest'day's Close $ U.S. per tonne	+ or —	Business Done
Aug	234.50	+2.50	235.00-33.50
Sep	229.25	+1.25	229.25-28.00
Oct	227.35	+0.25	227.75-26.75
Nov	227.50	+0.50	227.75-26.75
Dec	228.00	+0.25	228.00
Jan	224.00	−3.50	—

Turnover: 1,790 (1,959) lots of 100 tonnes.

POTATOES

The market held steady throughout the day, trading quietly at around unchanged levels, awaiting fresh direction, reports Coley and Harper. ...Sales: 228 (237) lots of 40 tonnes.

Month	Yesterday's close £ per tonne	Previous close	Business Done
Nov	56.80	57.00	57.80-56.50
Feb	65.50	64.50	—
Apr	74.40	74.20	74.50-74.00
May	80.10	79.80	80.50-79.50

PIGMEAT

Strong physical prices triggered renewed buying interest in all positions, reports CCST Commodities.

Month	Yesterdays close p. per kilo (deadweight)	Previous close	Business done
Oct	110.00	108.60	110.4-109.5
Nov	110.80	109.20	111.2-109.8
Feb	101.80	100.20	101.1-101.0
April	101.40	100.50	101.5-101.0
June	101.30	100.40	101.5-101.3
Aug	101.00	100.40	101.00

Sales: 148 (0) lots of 50 carcases, 3,250 kg.

FREIGHT FUTURES

The market opened higher in thin conditions on the news of firmer physical rates. Short-covering prompted stop-loss buying and nearby positions recorded substantial gains, reports Clarkson Wolff. The Baltic Freight index was 713, up 1.5 points.

	Close	High/Low	Prev
Oct.	812.5-815	815.5-800	784-786
Jan.	875-880	876-870	848-852
April	935-945	935-920	911-916
July	830-870	—	850-870
Oct.	925-965	—	920-970
Jan.	1000-1020	—	920-1000
April	1010-1100	—	1010-1100
July	880-910	—	880-910

Turnover: 65 (137).

U.S. MARKETS

PRECIOUS METALS traded in a featureless fashion but continued to find support on the continued growth in the money supply, reports Heinold Commodities. Copper and aluminium, lacking fresh incentive, traded in narrow ranges, awaiting direction. Sugar was mixed on profit-taking and reports of buying interest by India. Cocoa and coffee benefited from arbitrage buying along with better physical interest in cash markets. Cotton came under pressure in response to lingering concerns over export prospects along with favourable crop development. Heating oil benefited from indications that stocks in end-users' hands remain low. The grain and soyabean complex continued to come under concerted selling pressure based on weak export demand along with prospects of a bumper crop.

NEW YORK

ALUMINIUM 40,000 lb, cents/lb

	Close	High	Low	Prev
August	44.90	—	—	45.05
Sept	45.15	45.40	45.15	45.35
Oct	45.45	—	—	45.65
Dec	46.15	46.45	46.15	46.35
Jan	46.50	—	—	46.70
March	47.16	—	—	47.35
May	47.85	—	—	48.05
July	48.55	—	—	48.75
Sept	49.25	—	—	49.45
Jan	50.65	—	—	50.85

COCOA 10 tonnes, $/tonnes

	Latest	High	Low	Prev
Sept	2088	2095	2075	2071
Dec	2152	2152	2135	2123
March	2179	2180	2168	2150
May	2198	2198	2187	2166
July	2125	2201	2201	2180
Sept	2136	—	—	2191
Dec	2163	—	—	2218

COFFEE "C" 37,000 lb, cents/lb

	Close	High	Low	Prev
Sept	134.63	134.70	133.11	133.33
Dec	137.67	137.70	136.05	136.15
March	139.00	139.00	137.25	137.85
May	139.73	—	—	139.35
July	139.73	—	—	139.05
Sept	139.73	—	—	139.40
Dec	139.00	—	—	139.50

COPPER 25,000 lb, cents/lb

	Close	High	Low	Prev
August	60.30	60.25	60.25	60.20
Sept	60.60	60.85	60.35	60.55
Oct	61.00	—	—	60.90
Dec	61.75	62.00	61.45	61.65
Jan	62.05	—	—	61.95
March	62.60	62.85	62.50	62.50
May	63.10	63.20	63.00	63.00
July	63.60	63.60	63.25	63.55
Sept	64.10	—	—	64.05
Dec	64.80	65.00	64.90	64.75

COTTON 50,000 lb, cents/lb

	Close	High	Low	Prev
Oct	58.17	59.80	58.90	58.76
Dec	59.42	60.08	59.26	60.04
March	60.20	60.55	59.85	60.50
May	60.05	60.80	59.80	60.57
July	59.80	60.20	59.78	60.25
Oct	55.07	55.05	55.05	55.22
Dec	54.25	54.50	4.10	54.33

CRUDE OIL (LIGHT) 42,000 U.S. gallons, $/barrels

	Latest	High	Low	Prev
Sept	27.28	27.30	27.16	27.27
Oct	26.71	26.74	26.57	26.71
Nov	26.45	26.49	26.30	26.42
Dec	26.20	26.26	26.09	26.16
Jan	26.00	26.04	25.82	25.92
Feb	25.80	25.80	25.73	25.69
March	25.57	25.57	25.35	25.46
April	25.23	25.31	25.18	25.25
May	24.97	25.06	24.82	25.08
June	24.90	24.87	24.85	24.92

GOLD 100 troy oz, $/troy oz

	Close	High	Low	Prev
August	322.0	323.6	321.0	322.5
Sept	323.7	—	—	324.2
Oct	325.5	327.2	323.3	326.0
Dec	329.8	331.3	327.5	330.2
Feb	334.0	336.0	333.0	334.7
April	338.4	339.9	339.8	339.2
June	343.2	344.6	344.6	344.1
August	348.1	348.9	348.9	349.1
Oct	353.2	—	—	354.3
Dec	358.5	360.5	360.5	359.7
Feb	364.0	—	—	365.3
April	369.6	—	—	371.0
June	375.4	—	—	376.9

HEATING OIL 42,000 U.S. gallons, cents/U.S. gallons

	Latest	High	Low	Prev
Sept	72.70	73.00	72.05	72.26
Oct	73.50	73.80	72.90	73.12
Nov	74.20	74.46	73.80	73.84
Dec	74.75	75.00	74.50	74.41
Jan	75.30	75.30	74.86	74.90
Feb	74.35	74.40	74.25	73.90
March	71.40	71.10	71.10	71.35
April	69.25	—	—	69.20
May	68.50	68.50	68.50	68.65

ORANGE JUICE 15,000 lb, cents/lb

	Close	High	Low	Prev
Sept	133.25	134.80	132.50	134.05
Nov	130.50	131.76	130.30	130.70
Jan	127.50	128.00	127.25	127.10
March	126.65	127.00	126.80	126.55
May	126.00	—	—	126.05
July	126.00	—	—	126.06

PLATINUM 50 troy oz, $/troy oz

	Close	High	Low	Prev
Oct	280.6	283.5	280.0	281.5
Jan	284.9	288.0	285.0	286.0
April	289.7	293.0	289.5	290.8
July	294.9	297.5	296.0	296.0
Oct	300.4	—	—	301.5

SILVER 5,000 troy oz, cents/troy oz

	Close	High	Low	Prev
August	614.3	612.0	612.0	614.5
Sept	617.5	620.0	615.0	618.0
Oct	621.9	—	—	622.4
Dec	629.8	633.0	627.0	630.5
Jan	634.3	—	—	635.1
March	642.7	646.0	641.0	643.6
May	651.5	650.0	650.0	652.5
July	660.9	663.0	662.0	662.2
Sept	670.9	673.5	671.0	672.4
Dec	686.2	690.0	688.0	688.0

SUGAR WORLD "11" 112,000 lb, cents/lb

	Close	High	Low	Prev
Sept	4.10	4.20	4.08	4.15
Oct	4.32	4.40	4.26	4.33
Jan	4.52	4.57	4.43	4.52
March	4.94	4.99	4.84	4.90
May	5.10	5.13	5.00	5.05
July	5.27	5.30	5.19	5.20
Sept	5.36	5.36	5.35	5.32
Oct	5.51	5.55	5.46	5.46

CHICAGO

LIVE CATTLE 40,000 lb, Cents/lb

	Close	High	Low	Prev
August	54.05	54.57	53.82	54.02
Oct	57.50	57.95	57.07	57.12
Dec	59.07	59.57	58.87	58.87
Feb	59.75	60.00	59.57	59.55
April	60.72	61.10	60.65	60.50
June	61.75	61.85	61.50	61.50
August	60.50	60.50	60.50	60.50

LIVE HOGS 30,000 lb, Cents/lb

	Close	High	Low	Prev
August	44.50	45.15	43.85	44.50
Oct	38.62	39.60	38.42	39.15
Dec	41.32	42.00	41.20	41.55
Feb	42.35	43.20	42.25	42.80
April	39.67	40.20	39.67	40.00
June	42.45	43.10	42.45	42.90
July	43.30	43.35	42.90	43.35
August	42.25	42.25	42.10	42.15
Oct	40.65	40.65	40.65	40.95

MAIZE 5,000 bu min, cents/56 lb-bushel

	Close	High	Low	Prev
Sept	227.2	229.4	227.0	228.2
Dec	222.6	225.6	222.4	225.2
March	231.4	233.6	231.4	233.4
May	235.6	237.4	235.6	237.4
July	235.2	236.8	235.0	237.0
Sept	225.0	226.0	225.0	226.4
Dec	222.0	223.4	221.6	223.0

PORK BELLIES 38,000 lb, Cents/lb

	Close	High	Low	Prev
August	51.37	54.15	51.37	53.37
Feb	60.07	61.35	59.45	60.45
March	59.55	61.00	59.27	60.07
May	61.00	62.45	60.75	61.70
July	61.00	62.20	60.60	61.60
August	59.10	60.60	59.10	60.05

SOYABEANS 5,000 bu min, cents/60 lb/bushel

	Close	High	Low	Prev
August	519.4	527.0	518.0	529.6
Sept	512.4	522.0	512.0	524.0
Nov	516.2	527.0	516.2	528.2
Jan	524.2	535.2	524.0	536.6
March	533.6	545.0	533.0	546.2
May	540.0	551.0	540.0	553.0
July	544.0	553.0	543.0	554.0
August	540.0	548.4	540.0	549.0
Sept	536.0	537.0	536.0	540.0

SOYABEAN MEAL 100 tons, $/ton

	Close	High	Low	Prev
August	122.2	123.5	121.9	123.9
Sept	123.7	125.5	123.6	125.7
Oct	124.8	126.8	124.7	127.1
Dec	127.7	129.8	127.5	130.3
Jan	129.5	131.5	129.2	132.0
March	131.3	134.5	131.3	133.8
May	133.9	135.5	133.8	136.7
July	136.4	138.5	136.0	138.2
August	135.7	—	—	136.0

SOYABEAN OIL 60,000 lb, Cents/lb

	Close	High	Low	Prev
August	23.67	24.10	23.60	24.23
Sept	23.60	24.10	23.55	24.18
Oct	23.42	24.00	23.30	24.08
Dec	23.14	23.82	23.10	23.97
Jan	23.21	23.90	23.20	24.00
March	23.40	24.00	23.40	24.07
May	23.52	23.90	23.50	24.12
July	23.50	23.90	23.50	24.12
August	23.36	23.71	23.36	23.90
Sept	23.26	23.62	23.26	23.43

WHEAT 5,000 bu min, cents/60 lb-bushel

	Close	High	Low	Prev
Sept	284.2	289.0	282.4	287.6
Dec	295.6	299.2	294.2	299.6
March	298.2	302.0	296.2	302.0
May	288.4	291.2	286.6	291.4
July	267.4	270.4	266.6	270.4
Sept	270.4	—	—	273.4

SPOT PRICES—Chicago loose lard 18.50 (same) cents per pound. New York tin 575.0-577.0 (571.0-575.0) cents per pound. Handy and Harman silver bullion 614.5 (614.0) cents per troy ounce.

OTHER MARKETS

MEAT

SMITHFIELD—Pence per pound. Beef: Scottish killed sides 76.0 to 81.0; Ulster hindquarters 87.0 to 91.0. Veal: Dutch hinds and ends 139.0 to 144.0. Lamb: English small 70.0 to 76.0, medium 68.0 to 72.0, heavy 64.0 to 66.0: Scottish medium 66.0 to 69.0, heavy 64.5 to 67.0; Imported: New Zealand PL 65.0 to 66.0, PX 64.5 to 65.5. Pork: English, under 100 lb 48.5 to 55.5, 100-120 lb 45.0 to 51.0, 160-180 lb 43.0 to 49.0.

MEAT COMMISSION—Average fatstock prices at representative markets. GB—Cattle 98.78p per kg lw (+1.52). GB—Sheep 165.55p per kg est dcw (+7.71). GB—Pigs 80.89p per kg lw (+5.36).

PARIS

SUGAR—(FFr per tonne): Oct 1,337-1,338, Dec 1,355-1,365, March 1,387-1,390, May 1,422-1,430, Aug 1,470-1,486, Oct 1,510-1,535.

WOOL FUTURES

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business). Australian cents per kg. Oct 610.0, 615.0; Dec 615.0, 617.0; March 623.0, 625.0; May 630.0, 636.0; July 633.0, 639.0; Oct 625.0, 638.0; Dec 630.0, 643.0; March 632.0, 650.0. Sales: 0.

ROTTERDAM

WHEAT—U.S. $ per tonne): U.S. two red winter Sept 129.50, Oct 133, Nov 135.50, Dec 136.50. U.S. northern spring 14 per cent protein Aug 149.50, Sept 145.75, Oct 149, Nov 152. U.S. northern spring 15 per cent protein Aug 157.25, Sept 156, Oct 160, Nov 162.50. U.S. three hard amber durum Aug 152.50, Sept 152.50, Oct 158, Nov 161.50. Canadian one western red spring 13.5 per cent Aug 158.50, Sept 159.50, Oct 161.50. Canadian one western amber durum Sept 172, Oct 174, mid-Nov/mid-Dec 178, April/May 178.

MAIZE—(U.S. $ per tonne): U.S. three yellow afloat 122, Aug 115, Sept 114, Oct 112.50, Oct/Dec 112.50, Jan/March 116.50. Argentine Plate afloat 132, July 132, Aug 129, Sept 129, April/June 117.

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Sterling up after recent fall

Sterling recovered from its recent weaker trend in what was seen at a natural correction to its previous decline. Sentiment was aided by a weaker dollar although there appeared to be a more pronounced tendency to switch into D-marks rather than sterling. Traditionally this has been the more natural reaction to dollar weakness and the trend was revived as the market noted sterling's apparent short-term sensitivity to movements in oil prices and interest rates.

Indeed much of sterling's recovery was attributable to a steadier outlook for the time being on UK interest rates as the possibility of an imminent cut in base rates receded. The pound's exchange rate index rose to 80.7 from 80.2. Against the dollar it rose 1.8c to finish at $1.3560-1.3570. Against the D-mark it closed at DM 3.8350 from DM 3.8150 and FFr 11.7150 compared with FFr 11.63. It was also higher against the Yen at Y323 from Y319 and SwFr 3.17 compared with SwFr 3.1650.

The dollar was weaker overall but was confined to a fairly narrow trading range. In the absence of any fresh incentive, upper and lower resistance levels remained intact. For the time being the market appeared to be treading water ahead of the last part of the U.S. Treasury's refunding package, some $6¾bn of 30-year Treasury bonds and the latest set of U.S. money supply figures.

The dollar was confined to a range of DM 2.8255-2.8500 and finished at DM 2.8260 down from DM 2.8460 on Wednesday. Elsewhere it slumped to SwFr 2.3390 from SwFr 2.3600 and FFr 8.64 from FFr 8.69. It was unchanged against the Yen at Y238.35. On Bank of England figures, the dollar's exchange rate index was 138.3 from 138.2.

D-MARK — Trading range against the dollar in 1985 is 3.4510 to 2.8055. July average 2.9134. Exchange rate index 125.8 against 119.5 six months ago.

The dollar was fixed at DM 2.8373 at yesterday's fixing in Frankfurt down from DM 2.8612 on Wednesday and there was no intervention by the Bundesbank. Trading appeared to lack direction in the morning with the dollar recovering slightly from the day's lows ahead of the fixing. Trading volume was affected to some extent by proximity of U.S. money supply figures, and the absence of any fresh U.S. economic data also tended to keep them market guessing.

Elsewhere sterling recovered a little amid feelings that its recent downward correction had been overdone. However oil price fears still overshadowed the market. At the close the dollar was quoted at DM 2.8375 from DM 2.8435. The D-mark showed little reaction to the Bundesbank's decision not to trade at lower levels on its latest refunding package. There is still some optimism that a further dollar decline could lead to a discount rate cut at next week's central council meeting however.

STERLING INDEX

	Aug 8	Previous
8.30 am	80.2	80.1
9.00 am	80.4	79.9
10.00 am	80.9	79.9
11.00 am	80.9	79.5
Noon	80.8	79.8
1.00 pm	80.8	80.3
2.00 pm	80.8	80.0
3.00 pm	80.5	80.3
4.00 pm	80.7	80.2

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu August 8	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	44.8320	44.9591	—	+0.52	±1.5425
Danish Krone	8.12857	8.03948	−1.10	−0.58	±1.6421
German D-mark	2.23840	2.22581	−0.56	−0.04	±1.1455
French Franc	6.86402	6.79778	−0.97	−0.45	±1.3654
Dutch Guilder	2.52208	2.50183	−0.80	−0.28	±1.5162
Irish Punt	0.724578	0.712538	−1.66	−1.14	±1.6673
Italian Lira	1520.60	1488.31	−2.12	−2.11	±4.0856

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

£ IN NEW YORK

	Aug. 8	Prev. close
£ Spot	$1.3505-1.3515	$1.3370-1.3380
1 month	0.43-0.40pm	0.45-0.42 pm
3 months	1.13-1.09pm	1.15-1.12 pm
12 months	2.78-2.65pm	2.67-2.57 pm

Forward premiums and discounts apply to the U.S. dollar

POUND SPOT—FORWARD AGAINST POUND

August 8	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.3360-1.3600	1.3560-1.3570	0.43-0.40c pm	3.67	1.11-1.07pm	3.21
Canada	1.8296-1.8504	1.8430-1.8460	0.43-0.34c pm	2.50	1.05-0.91pm	2.12
Nethlnd.	4.28¾-4.33	4.30½-4.31½	2⅛-1⅞c pm	5.57	5⅞-5⅜pm	5.39
Belgium	77.05-77.82	77.45-77.55	18-8c pm	2.09	40-23pm	1.63
Denmark	13.80-13.91¾	13.87¾-13.88¾	3½-2½ore pm	2.59	8½-7¾pm	2.27
Ireland	1.2240-1.2323	1.2285-1.2295	0.23-0.08p pm	1.51	0.51-0.24pm	1.22
W. Ger.	3.81¾-3.85¾	3.83-3.84	2⅜-2¼pf pm	7.24	6⅞-6¾pm	6.58
Portugal	225¾-230¾	228¾-229¾	60-410c dis	−12.38	415-1440d	−16.29
Spain	224-226	225½-225¾	60-210c dis	−7.18	250-480dis	−6.30
Italy	2,541½-2,578	2,569½-2,570½	4-10lire dis	−3.27	10-20dis	−2.33
Norway	11.24¾-11.33¾	11.28¾-11.29¾	½-1½ore dis	−1.06	2¾-3¾dis	−1.15

Belgian rate is for convertible franc. Financial franc not available. Six-month forward dollar 1.90-1.86c pm. 12-month 2.80-2.65c pm.

DOLLAR SPOT—FORWARD AGAINST DOLLAR

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible franc. Financial franc 57.95-58.05.

OTHER CURRENCIES

* Selling rate.

CURRENCY MOVEMENTS

Morgan Guaranty changes: average 1980-1982=100. Bank of England index (base average 1975=100).

CURRENCY RATES

* CS/SDR rate for Aug 7: 1.39265.

EXCHANGE CROSS RATES

EURO-CURRENCY INTEREST RATES (Market closing rates)

Asian $ (closing rates in Singapore): Short-term 7¾-7⅞ per cent; seven days 7¹¹⁄₁₆-7¹³⁄₁₆ per cent; one month 7⅞-8 per cent; three months 8³⁄₁₆-8⁵⁄₁₆ per cent; six months 8¼-8⅜ per cent; one year 8¹¹⁄₁₆-8¹³⁄₁₆ per cent. Long-term Eurodollars: two years 9½-9⅝ per cent; three years 10⅛-10¼ per cent; four years 10⅜-10½ per cent; five years 10⅝-10¾ per cent nominal. Short-term rates are call for U.S. dollar and Japanese yen; others two days' notice.

FINANCIAL FUTURES

Prices firm

Prices were firmer on the London International Financial Futures Exchange yesterday, as the market reacted to a favourable result to the first two parts of the U.S. Treasury refunding package, and expectations that the final part, the 30-year bond auction, would also be well received. Weekly M1 money supply was expected to show a rise by over $1bn, leaving the figure well above the official target range, but is expected to fall back inside the range towards the end of this quarter, giving the Federal Reserve room for a cut in its discount rate if economic growth remains sluggish Hopes of easier interest rates were also encouraged by a low Federal funds rate of about 7½-7⅝ per cent, while sterling denominated contracts were buoyed by the pound's better performance on the foreign exchanges.

September Eurodollars opened at 91.81, near the low of the day, and moved up to 91.83 before the Chicago opening, closing at the peak of 91.88 compared with 91.70 previously. U.S. bonds for September delivery began at 75-17, also near the days low, and after Chicago pushed the contract up to 76-04, it closed at 75-31, against 75-00 on Wednesday.

September gilts rose on short covering and improved sentiment with regard to sterling. After opening at 112-12 the contract peaked at a resistance level of 112-24 and finished at 112-14

LONDON

THREE-MONTH EURODOLLAR
$1m points of 100%

	Close	High	Low	Prev
Sept	91.88	91.88	91.80	91.70
Dec	91.46	91.46	91.34	91.23
March	91.04	91.03	90.94	90.81
June	90.65	90.65	90.56	90.42
Sept	90.29	90.18	90.17	90.05

Est. volume 5,184 (3,606)
Previous day's open int. 20,711 (20,334)

THREE-MONTH STERLING
£500,000 points of 100%

U.S. TREASURY BONDS
8% $100,000 32nds of 100%

	Close	High	Low	Prev
Sept	75-31	76-04	75-15	75-00
Dec	74-29	75-00	74-14	73-31
March	73-29	—	—	72-31

Est. volume 2,455 (1,577)
Previous day's open int. 2,982 (3,200)

CHICAGO

U.S. TREASURY BONDS (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
Sept	76-03	76-03	75-17	75-02

LIFFE OPTIONS REPORT

Sterling Currency—£25,000 c per £

Moderate volumes traded today with sterling futures closing up 85 cents from last night.

Est volume Calls	Est volume Puts	Previous day's open interest Calls	Previous day's open interest Puts
373	452	9037	5869

Eurodollar Future—points of 100%

A good volume on the back of underlying eurodollars which closed on the highs.

Est volume Calls	Est volume Puts	Previous day's open interest Calls	Previous day's open interest Puts
256	152	700	880

For full details of settlement prices call
Louise Fowell of LIFFE on 01-623 0444
LIFFE, ROYAL EXCHANGE, LONDON EC3V 3PJ

MONEY MARKETS

Discount houses tempted by easy money

Conditions were very easy on the London money market yesterday. The large number of bills sold outright by the discount houses on Wednesday, coupled with expectations of a much larger shortage yesterday than was the case, resulted in money being offered at tempting levels. The houses preferred to borrow money overnight at around 10½ per cent rather than sell more bills, and in the end the Bank of England did not appear to provide enough assistance to take out the full shortage.

UK clearing banks base-lending rate 11½ per cent since July 30.

There was no change in market sentiment and three-month money finished unchanged at 11¹⁄₁₆-11³⁄₁₆ per cent, but easier day-to-day conditions pushed the offered rate for three-month bank bills down to 11³⁄₃₂-11⅛ per cent from 11³⁄₁₆ per cent.

The Bank of England forecast a money market shortage of about £400m in the morning, but changed this to £450m at noon, and to £500m in the afternoon. Total help on the day was £342m.

Before lunch the authorities bought £183m bils outright, by way of £3m bank bills in band 1 (up to 14 days maturity) at 11⅝ per cent; 1m Treasury bills in band 2 (15-33 days) at 11⅛ per cent; £89m bank bills in band 2 at 11⅛ per cent; £79m bank bills in band 3 (34-63 days) at 11⅛ per cent; and £11m bank bills in band 4 (64-91 days) at 11⅛ per cent.

In the afternoon another £54m bills were purchased outright, through £33m bank bills in band 2 at 11⅛ per cent; and £21m bank bills in band 3 at 11⅛ per cent.

Late assistance of £105m was also provided.

Major factors on the day were: bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills draining £614m, and a rise in the note circulation absorbing £25m. These were partly offset by Exchequer transactions adding £220m to liquidity, and bank balances above target by £35m.

In Frankfurt there was some disappointment that the Bundesbank's new 30-day securities agreement, announced yesterday, was at an unchanged minimum rate of 4.8 per cent. With call money trading below the Bundesbank discount rate of 4.5 per cent it was hoped the central bank might give a signal that the discount or Lombard rate will be cut at next week's council meeting, the first after the summer break. The new agreement will add funds to the money market on Monday, when an earlier pact expires, draining DM 10.7bn in liquidity. The result of the tender will be known today.

MONEY RATES

Aug. 8	Frankfurt	Paris	Zurich	Amst'dam	Tokyo	Milan	Brussels	Dublin
Overnight	4.40-4.50	9⅝	2⅞-3⅛	6-6⅛	6.15625	14⅜-14¾	9.90	11¼-11½
One Month	4.70-4.80	9¹³⁄₁₆-9¹⁵⁄₁₆	4⁷⁄₁₆-4⁹⁄₁₆	5¹⁵⁄₁₆-6¹⁄₁₆	6.34375	13⅞-14¼	9⅛-9¼	10⅝-10⅞
Two Months	4.70-4.85	9¾-9⅞	—	—	—	—	—	10½-10¾
Three Months	4.70-4.85	9¹³⁄₁₆-9¹⁵⁄₁₆	4⁷⁄₁₆-4⁹⁄₁₆	5¹⁵⁄₁₆-6¹⁄₁₆	6.28125	14⅜-14¾	9½-9⅝	10⅜-10⅝
Six Months	4.75-4.90	9¹⁵⁄₁₆-10¹⁄₁₆	—	5⅞-6	—	—	9½-9⅝	10¼-10½
Lombard	6.0	—	—	—	—	—	—	—
Intervention	—	9⅝	—	6⅛	—	—	—	—

LONDON MONEY RATES

Discount Houses Deposit and Bill Rates

Aug. 8 1985	Sterling Certificate of deposit	Interbank	Local Authority deposits	Company Deposits	Market Deposits	Treasury (Buy)	Treasury (Sell)	Eligible Bank (Buy)	Eligible Bank (Sell)	Fine Trade (Buy)
Overnight	—	8-14⅛	10⅝-11⅜	11-11¼	10¼-13	—	—	—	—	—

ECGD Fixed Finance IV: Average Rate of Interest period July 3 to August 6 (inclusive): 11.989 per cent. Local authority and finance houses seven days' notice, others seven days' fixed. Finance Houses Base Rate (published by the Finance Houses Association): 12½ per cent from August 1 1985. London and Scottish Clearing Bank Rates for lending 11½ per cent. Bank Deposit Rates for sums at seven days' notice 6.25-6.625 per cent (net). Treasury Bills: Average tender rate of discount 10.9757 per cent. Certificates of Tax Deposits (Series 6): Deposits £100,000 and over held under one month 11½ per cent; one-three months 11½ per cent; three-six months 11 per cent; six-nine months 10¾ per cent; nine-12 months 10¾ per cent. Under £100,000 10¾ per cent from July 29. Deposits held under Series 5 10¾ per cent. The rate for all deposits withdrawn for cash 7½ per cent.

FT LONDON INTERBANK FIXING

(11.00 a.m. Aug. 8)

3 months U.S. dollars	
bid 8 1/16	offer 8 5/16

6 months U.S. dollars	
bid 8 1/4	offer 8 3/8

The fixing rates are the arithmetic means, rounded to the nearest one sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK (Lunchtime)

Prime rate	9½
Broker loan rate	8¾
Fed funds	7⅝
Fed funds at intervention	—

Treasury Bills

One month	6.60
Two month	6.95
Three month	7.15
Six month	7.40
One year	7.55

Treasury Bonds

Two year	99²³⁄₃₂
Three year	100¼
Four year	99²¹⁄₃₂
Five year	99²¹⁄₃₂
Seven year	99⅝
10 year	100³⁄₃₂
30 year	105⅝

$ WORLD VALUE OF THE DOLLAR

BANK OF AMERICA NT & SA, ECONOMICS DEPARTMENT, LONDON

The table below gives the rates of exchange for the U.S. dollar against various currencies as of Wednesday, August 7, 1985. The exchange rates listed are middle rates between buying and selling rates as quoted between banks, unless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar except in certain specified areas. All rates quoted are indicative. They are not based on, and are not intended to be used as a basis for, particular transactions.

Bank of America NT & SA does not undertake to trade in all listed foreign currencies, and neither Bank of America NT & SA nor the Financial Times assume responsibility for errors.

Bank of American, Economics Dept., E.M.E.A. London
Eurodollar Libor as of August 7 at 11.00 a.m.
3 months: 8⅙ 6 months: 8⅜

ECU=US$.777214 SDR1=$US1.02227
Sibor as of August 7 at 11.00 a.m.
3 months: 8¹¹⁄₁₆ 6 months: 8⁷⁄₁₆

COUNTRY	CURRENCY	VALUE OF DOLLAR
Afghanistan	Afghani (o)	50.60
Albania	Lek	7.5083
Algeria	Dinar	5.299
Andorra	Fr. Franc	8.72
	Sp. Peseta	167.25
Angola	Kwanza	29.918
Antigua	E. Caribbean $	2.70
Argentina	Austral (6)	0.805
Australia	Dollar	1.4849
Austria	Schilling	20.075
Azores	Port. Escudo	169.50
Bahamas	Dollar	1.00
Grenada	E. Caribbean $	2.70
Guadaloupe	Franc	8.72
Guam	U.S. $	1.00
Guatemala	Quetzal (o)	1.00
	Quetzal (h, l)	3.13
Guinea Bissau	Peso	147.325
Guinea Rep	Syli	24.1476
Guyana	Dollar	4.12
Haiti	Gourde	5.00
Honduras Rep	Lempira	2.00
	Lempira (d)	2.55
Hong Kong	Dollar	7.7955
Paraguay	Guarani (o.c.)	240.00
	Guarani (d)	727.50
Peru	Sol (o) (2)	13943
Philippines	Peso	18.36
Pitcairn Is.	N.Z. Dollar	1.8993
Poland	Zloty (o) (3)	153.79
Portugal	Escudo	169.50
PuertoRico	U.S. dollar	1.00
Qatar	Riyal	3.641
Reunion, Il de la	Fr. Franc	8.72
Romania	Leu (o)	4.26
	Leu (c)	12.42

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1985 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
101	99	Exch. 12¼pc 1985	100	+	12.23	11.11
101	99	Exch. 11¾pc '86	100	+	11.70	10.87
99½	97	Treas. 10pcCnv 1986	99	+	10.07	10.99
95⅝	92¼	Treas 3pc 1986	95¼	+⅛	3.15	9.27
100	97½	Exch. 10½pc Cv '86	99⅝	+⅛	10.54	10.92
101⅞	99¾	Treas 12pc 1986	100⅞	+⅛	11.90	10.80
98⅝	94¾	Treas 8¾pc 1984-86‡‡	98¼	+	8.66	10.65
105	102	Exch. 14pc 1986	103	+	13.53	10.83
93½	87¼	Exch. 2½pc 1986	93¾	+	2.68	8.00
104	101¾	Exch. 13¼pc 1987	103¼	+	12.83	10.72
99	96⅝	Treas 10½pcCv '87	99	+⅛	10.32	10.73
91	85½	Exch 2½pc 1987	91	+	2.73	8.35
99	96¼	Exch. 10½pc 1987	99½	+⅛	10.55	10.80
94	89	Funding 6½pc '85-87‡‡	93¾	+⅛	6.93	10.52
99	95½	Treas. 10pc 1987	98⅝	+⅛	10.14	10.81
90	84¼	Treas 3pc 1987	90¼	...	3.33	8.66
102	99⅛	Treas. 12pc 1987	102⅛	+⅛	11.72	10.71
94	90¼	Treas 7¾pc 1985-88‡‡	94⅛	+⅛	8.21	10.37
99¼	95½	Exch 10½pc '88	99	+⅛	10.57	10.77
97¼	93⅝	Treas 9¾pc Cv '88	97	+⅛	10.02	10.85
86½	80	Transport 3pc '78-88	86¼	.....	3.48	8.50
96¾	91½	Treas. 9½pc '88	96¼	+⅛	9.87	10.89
102¼	97½	Treas 11½pc 1989	101⅞	+	11.29	10.84
96	90¼	Treas 9½pc Cnv. '89	95⅞	+	9.91	10.86
81	79	Treas 3pc 1989	81¼	+⅛	3.69	8.97
99¼	94	Treas 10½pc 1989	98⅞	+	10.62	10.84

Five to Fifteen Years

Over Fifteen Years

Undated

Index-Linked

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

AMERICANS—Cont.

CANADIANS

BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING, TIMBER, ROADS

BUILDING, TIMBER, ROADS—Cont.

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY & STORES—Cont.

ELECTRICALS

ENGINEERING

ENGINEERING—Continued

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

HOTELS—Continued

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

LEISURE—Continued

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

INSURANCES

LEISURE

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

PROPERTY

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land, etc

FINANCE, LAND—Cont.

OIL AND GAS

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

MINES—Continued

O.F.S.

Diamond and Platinum

Central African

Finance

Australians

Tins

Miscellaneous

High	Low	Stock	Price	+ or -	Div Net	Cvr	Y'ld Gr's
48	30	♥Anglo Utd. Dev	33¢		—	—	—
350	117	♥Centennial Min'ls.	130		—	—	—
120	65	♥Colby Res Corp.	75		—	—	—
550	325	Cons. Murch. 10c	325		†Q100c	1.4	10.5
40	24	♦Ennex Int. Ir10p.	24		—	—	—
215	115	Hampton Areas 10p	120xd		3.75	♦	4.2
260	135	♥Highwood Res.	175	-2	—	—	—
£22½	£17½	Homestake Mining $1	£19¼	-⅛	Q20c	—	7.4
310	190	♥McFinley Red Lake	260	-2	—	—	—
300	195	♥Mosto Explorations	275	-5	—	—	—
55	23	♥New Satona Res C$1	50	+1	—	—	—
375	245	Northgate C$1	287	+12	—	—	—
685	533	RTZ	557	+7	20.0	2.7	5.1
£145½	£116½	Do 9½pcLn '95-2000	£123	+2	Q9½%	14.0	17.8
£14½	£10	♥Tara Expln $1	£11¼	+¼	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock"
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ◆ Figures or report awaited.
- ♥ Not officially UK listed; dealings permitted under Rule 535(4)(a).
- ♦ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities
- †† Dealt in under Rule 535(3)
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim; reduced final and/or reduced earnings indicated.
- ♦ Forecast dividend, cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ‖ No par value.

B.Fr Belgian Francs. Fr French Francs. ♦♦ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend; cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend; cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1984-85. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1984. K Figures based on prospectus or official estimates for 1984. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1985. P Figures based on prospectus or other official estimates for 1983. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xl ex capital distribution

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Stock	Price	+ or -	Stock	Price	+ or -
Albany Inv 20p	96	...	Arnott	185	+5
Craig & Rose £1	700	...	CPI Hldgs	56	
Finlay Pkg. 5p	61		Carroll Inds.	145	+2
Higsons Brew	235		Dublin Gas	70	..
Holt (Jos) 25p	720	..	Hall (R & H.)	56	
IoM Stm. £1	83	...	Heiton Hldgs.	19	...
IRISH			Irish Ropes	46	..
Fund 11¾% 1988	£102½	+⅛	Jacob (W.& R.)	80	
Nat. 9¾% 84/89	£97⅝	+⅛	Unidare	87	....
Fm. 13% 97/02	£110	+¼			

"Recent Issues" and "Rights" Page 26
(International Edition Page 30)

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £800 per annum for each security.

LONDON STOCK EXCHANGE

MARKET REPORT

Sterling rally snuffs out promising equity advance but gilts move higher again

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
July 29	Aug 8	Aug 9	Aug 19
Aug 12	Aug 29	Aug 30	Sept 9
Sept 2	Sept 12	Sept 13	Sept 23

* "New-time" dealings may take place from 9.30 am two business days earlier.

A promising early advance in London equities was snuffed out yesterday by exchange rate considerations. Sterling regained part of the ground recently lost against the dollar and this put paid to any further institutional buying of international stocks and other overseas earners. The pound continued to slip back against the D-mark but market traders were not concerned at this stage.

Business contracted in all market sectors because of the sizeable funds tied up in the Britoil issue which, as expected, was heavily oversubscribed. Allocation details for the sale of the Government's remaining 48.8 per cent of the oil group should be made known today. It is assumed that larger applications will be scaled down quite considerably. Estimates of the likely opening premium on the shares, when dealings begin on Monday, currently range from 20p to 25p on the partly-paid price of 100p.

Wall Street's failure overnight to regain confidence after Tuesday's slump also tempered investors' enthusiasm, but trading statements from sector leaders of UK industry kept business ticking over. The second-quarter results from the Royal Dutch/Shell group were slightly disappointing, as were the nine-month figures from BOC. In marked contrast, Dee Corporation's preliminary statement and TI's interim figures were greeted enthusiastically.

The firm initial tone brought a rise of over six points in the FT Ordinary share index after only thirty minutes of trading. Thereafter, however, the index slipped back to stand only a point or so up for much of the session before nudging higher to close 2.3 better on the day at 958.0.

Conventional and index-linked Government securities went higher with sterling. Thoughts that any sustained upward progress in the rate could resurrect hopes of lower base lending rates helped to promote demand. Prospects for reduced borrowing charges have dimmed following the pound's recent steep fall from $1.43 to Wednesday's $1.3375. A favourable trend in Gilt futures was another stimulant but the tone in the cash market eased late and longer-dated stocks settled around ¼ higher; earlier they had displayed rises stretching to ⅝. The shorts similarly eased from the day's best.

Composites improve

Composites Insurances revived as buyers showed an increased interest ahead of the interim dividend season. Commercial Union, the first to report next Wednesday, firmed 4 to 217p, while Sun Alliance added 9 at 487p and GRE 8 at 743p.

Lloyds rose 13 to 415p and Midland gained 3 to 385p in response to a broker's "buy" signal now that the half-yearly results season has ended.

Selective construction issues came under selling pressure after publicity given to Laing and Cruickshank's view that recent enthusiasm for the sector was unjustified. The broker's "sell advice" left George Wimpey 2 cheaper at 130p and Taylor Woodrow 7 lower at 448p. Elsewhere, Blue Circle remained a friendless market and softened 4 more to 501p; the interim results are due on August 29. Among secondary issues, Heywood Williams firmed 2 to 147p, after 149p, in reply to good half-year figures, while Ruberoid hardened a penny to 148p on the company's decision to cease trading in its troubled Camrex subsidiaries. Milbury fell 5 to 30p in the absence of any news concerning the possible sale of St Piran's 78.7 per cent holding in the company.

Among Chemicals, Yorkshire improved 3 to 67p following the satisfactory annual results.

BHS dull

Dealers reported extremely subdued trading in leading Retailers. Burton made modest headway, rising a few pence to 453p with the aid of "call" option business. British Home Stores, however, turned reactionary and dipped 9 to 286p as de Zoete and Bevan concurred with Laurie Milbank's bearish view of the company's prospects.

Secondary Stores continued to highlight Owen Owen which responded to persistent takeover speculation with a gain of 30 to 350p. Elys of Wimbledon, in which Owen Owen controls a near-30 per cent stake, put on 20 for a two-day gain of 50 at 500p. Liberty improved 20 more to 790p with the non-voting shares 10 up at 580p. J. T. Parrish, spurred by possible development prospects following news of Spedley Securities' 29.8 per cent stake in the company, closed another 12 to the good at 435p. Elsewhere, late support was evident for J. Hepworth, finally 12 dearer at 236p. Lee Cooper rose 10 to 112p and Steinberg improved 5 more to 75p.

Wordplex figured prominently among secondary Electricals, rising 18 to 130p in response to persistent speculative support. Farnell were also in demand at 175p, up 11, while Memec added 15 at 290p and Highland 7 at 105p. Cass Group, awaiting further news of the bid approach, firmed 5 more to 180p. BSR reflected revived takeover gossip with an improvement of 3 to 65p, after 70p, but Mnemos dropped 6 to a 1985 low of 21p on sporadic offerings. Once again, small mixed movements were the order of the day among the leaders. Thorn EMI closed 5 dearer at 334p, but Plessey 2 easier at 146p; the latter's first-quarter figures are scheduled for Thursday.

TI returned to centrestage in Engineerings and ended 13 higher at 343p, after 345p, in response to better-than-expected interim profits; the shares have been buoyant of late on talk of a bid of over £4 per share from Evered which last month disclosed a 12 per cent stake in the company. Elsewhere in Engineerings, a favourable Press reception of GKN's interim results helped the shares, at 218p, retrieve 8 of Wednesday's fall of 10. MS International advanced 4 to 44p following annual results and IMI improved 3 to 103p on buying ahead of the interim figures, scheduled for September 2.

Food Retailers displayed several bright features. Dee Corporation rose 8 to 268p, after 273p, in reply to the excellent annual results and share split proposals, while Kwik Save, up 10 more at 218p, continued to reflect a broker's circular and vague bid rumours. Cash and carry group Nurdin and Peacock surged higher in the late dealings on strong bid speculation and closed a net 16 up at 166p, after 172p; both Dee and Kwik Save were mentioned as possible bidders. Elsewhere, Rowntree Mackintosh attracted "new time" buying and rose 10 to 388p, while recently dull Cadbury Schweppes rallied 3 to 143p.

Ladbroke were prominent among Hotels and rose 12 to 279p reflecting satisfaction with the disposal of its 3.25 per cent holding in Arthur Bell and buying ahead of the interim results expected towards the end of the month.

Reed Int below best

Press speculation of a bid from Hanson Trust led to activity in Reed International which touched 705p initially before retreating to close the day 11 higher on balance at 685p. BOC, on the other hand, fell 10 to 286p, after 284p, following profit-taking in the wake of the third-quarter profits. Reckitt and Colman advanced 10 to 498p, while British Aerospace, still relieved that the multi-billion dollar European aircraft project has been given the green light, rose the same amount to 355p; the new shares closed 8 higher at 178p. Buying on recovery hopes left Johnson Matthey 13 up at 108p and Diploma added 10 at 193p following revived speculative demand. W. and J. Ted moved up 4 to 131p following details of the acquisition of Westbrick Plastics from C. H. Beazer.

Saga Holidays firmed 6 to 178p on news of the sale of its Heritage Hotels business to Goldsmiths Group for £3.9m cash; the latter closed 5 higher at 208p.

A lively trade developed in Good Relations which touched 235p before settling 7 higher on balance at 230p amid talk of an imminent bid from Saatchi and Saatchi.

The tone in Properties remained firm and the leaders made further progress before settling a share below the best. British Land began 6 higher at 156p following a "chart buy" signal, but eased later to close just 2 dearer on balance at 152p. Land Securities finished a penny firmer at 295p, after 297p. Haslemere Estates were supported at 482p, up 6, while recently-overlooked Stock-Conversion rose 10 to 525p. U.S. acquisition news helped boost C. H. Beazer 8 to 410p and demand in the wake of the chairman's annual statement lifted Daejan 10 to 415p. Percy Bilton moved up 6 to 228p, while Hanover Investments featured currently popular estate agents with a rise of 17 to 122p.

Shippings plotted a firmer course. P & O Deferred rose 6 for a three-day gain of 23 at 386p; the interim results are expected early next month. Ocean Transport hardened 4 to 164p in sympathy.

R D/Shell disappoint

Reports that American broking house Goldman Sachs had removed Shell from its "buy list" in the wake of the interim statement which revealed first-half profits at the lower end of market estimates, prompted a late reaction in the price which, having fallen to 690p on the results, reacted afresh to 678p prior to closing a net 17 down on the day at 683p. Royal Dutch settled 1½ points down at £44¼. The other Oil majors were overshadowed and usually displayed sympathetic losses. British Petroleum lost 5 to 533p and Ultramar softened 3 to 210p. Britoil closed a couple of pence cheaper at 215p, after 212p. Among the second liners Osceola Resources gained 4 to 42p on Colorado drilling hopes, while Bristol Oil and Minerals put on 3 to 19p reflecting "new time" interest.

Golds up sharply

A marked resurgence of support from major Continental centres together with an encouraging performance by the Rand against the dollar stimulated South African Golds. Cape operators, content to remain on the sidelines recently, also participated amid vague speculation of the imminent release of black nationalist figurehead Nelson Mandala.

Much of the business was transacted in the morning session and stock shortage tended to exaggerate the gains among top-quality issues. A bout of profit-taking around midday together with an initial easiness in New York took the sheen off the market for a time, but prices appeared to be making headway again at the close.

Bullion responded to the weaker dollar and hardened $1.5 to $322.75 an ounce.

Randfontein led the way with an advance of over 5 points to £65¼. Vaal Reefs, £59¼ and Western Deep, £26⅞ improved 4 and 2¼ respectively, while gains of over a point were recorded in Buffels, £22¾ and Western Holdings, £18¾. The FT Gold Mines index rose 27.4 to 338.3—a leap of over 40 points in the last two days.

Financials mirrored Golds. "Johnnies" closed 6 up at £65 while Amgold rose 2¾ further to £55½. Anglo American remained to the fore and advanced 40 more to 910p, while De Beers finished 15 higher at 355p. London-domiciled issues followed suit with Consolidated Gold Fields, up 15 at 440p, continuing to recover from the heavy selling of the previous two weeks. RTZ put on 7 to 557p.

Australians lacked a decided trend. Leading resource stocks held close to overnight levels, while Golds, subject to sizeable profit-taking recently, staged a minor and selective rally. Gold Mines of Kalgoorlie added 10 at 568p.

Relatively subdued conditions prevailed in Traded Options. British Telecom again provided the exception and recorded 1,130 calls and 180 puts. Imperial Group were also lively with 320 calls and 141 puts struck. Total contracts done amounted to 6,555.

FINANCIAL TIMES STOCK INDICES

	Aug. 8	Aug. 7	Aug. 6	Aug. 5	Aug. 2	Aug. 1	year ago
Government Secs	83.41	83.12	82.96	82.96	82.96	83.21	79.10
Fixed Interest	88.47	88.29	88.29	88.24	88.22	88.49	82.62
Ordinary ♥	958.0	955.7	956.1	943.9	951.1	959.9	827.1
Gold Mines	338.3	310.9	298.1	309.2	315.7	319.9	537.9
Ord. Div. Yield	4.88	4.87	4.89	4.93	4.91	4.88	4.97
Earnings, Yld. % (full)	12.04	12.05	12.08	12.11	12.06	11.97	11.67
P/E Ratio (net) (*)	10.25	10.25	10.21	10.18	10.22	10.30	10.32
Total bargains (Est.)	18,923	19,523	19,717	19,314	21,003	24,263	16,825
Equity turnover £m.	—	313.41	389.61	336.86	423.98	473.39	279.63
Equity bargains	—	14,791	16,415	15,233	16,729	17,672	14,922
Shares traded (ml)	—	166.9	173.2	—	198.9	219.3	141.8

♥ 1 am 961.9. 11 am 958.8. Noon 956.8. 1 pm 957.1. 2 pm 957.3. 3 pm 957.5. 4 pm 958.2.
Day's High 961.9. Day's Low 956.8.
Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ordinary 1/7/35. Gold Mines 12/9/55. SE Activity 1974.
Latest Index 01-246 8026.
* Nil=9.92

HIGHS AND LOWS

—	1985 High	1985 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	83.87 (30/7)	78.02 (28/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	88.74 (30/7)	82.17 (28/1)	150.4 (28/11/47)	50.53 (3/1/75)
Ordinary	1024.6 (22/1)	911.0 (25/7)	1024.6 (22/1/85)	49.4 (26/6/40)
Gold Mines	536.9 (15/4)	298.1 (6/8)	734.7 (15/2/83)	43.5 (26/10/71)

S.E. ACTIVITY INDICES

	Aug. 7	Aug. 6
Daily Gilt Edged Bargains	137.5	138.9
Equities Bargains	95.8	106.4
Equities Value	633.6	787.5
5 day Average Gilt Edged Bargains	140.0	145.7
Equities Bargains	104.8	105.7
Equities Value	762.9	790.7

NEW HIGHS AND LOWS FOR 1985

NEW HIGHS (42)

CORPORATION LOANS (2): London Corp. 9¼pc '84/85; LCC 6¼pc '88/90
LOANS (1): Agricultural Mt. 5pc '59/89
BANKS (1): Copenhagen Handelsbk.
BREWERS (1): Highland Dists.
BUILDINGS (1): Blockleys
CHEMICALS (1): Plysu
STORES (3): Liberty; Do. N/V; Owen Owen
ELECTRICALS (1): Cass
ENGINEERING (4): Porter Chadburn; TI; Triplex; Whessoy Watson
FOODS (4): Dee Corp.; Kwik Save; Nurdin & Peacock; Uniqate
INDUSTRIALS (8): Abbey; Brit. Bloodstk. Agcy.; Eleco; High-Point Services; Johnson Matthey; Reed Executive; Reed Intl.; Transport Dvlpmnt.
INSURANCE (3): General Accident; GRE; Sun Alliance
PROPERTY (6): Beazer (C. H.); British Land; Do. 12pcCnv. 2002; Slough Estates; Stock Conversion; Town Ests. 7¼pc Cnv. 2014
TEXTILES (1): Dixon (D.)
TRUSTS (3): M & G 2nd Dual Cap.; Scot. American Inv.; Kitchen Taylor
OVERSEAS TRADERS (1): Tozer Kemsley
MINES (1): Windsor Resources

NEW LOWS (21)

AMERICANS (2): Cullinet Software; Tracor
BUILDINGS (1): Allied Plant
CHEMICALS (1): Rentokil
ELECTRICALS (6): Atlantic Computer; Circaprint; Mellerware Intl.; Mnemos; Newmark (Louis); Pericom
FOODS (1): Global Group
HOTELS (1): Breakmate
INDUSTRIALS (3): Bibby (J.); Fergebrook; Quotron Systems
PAPER (1): Boase Massimi Pollitt
PROPERTY (1): Cons Terr Inv.
TRUSTS (1): Cons. Venture
PLANTATIONS (1): Assam-Dooars
MINES (2): West Rand Cons.; Gold & Base Metal

WEDNESDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List.

Stock	No. of changes	Wed. close	Day's change
Reuters B	16	300	+17
ICI	15	680	+ 6
GKN	13	210	−10
Dalgety	12	420	+10
BAT Inds	11	310	− 1
Britoil	11	217	− 3
LRC Intl	11	149	+ 6
STC	11	102	+ 2
Beecham	10	333	− 5
GEC	10	192	+ 4
Glaxo	10	£13⅝	—
Reed Intl	10	674	+29
Brit Telecom	9	195	+ 1
Racal Elects	9	162	− 2

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Aug 5	Aug 16	Nov 7	Nov 18
Aug 19	Sept 6	Nov 21	Dec 2
Sept 9	Sept 20	Dec 5	Dec 16

For rate indications see end of Share Information Service

Money was given for the call of Southwest Resources, Telefusion, Eleco, Midland Bank, Henry Wigfall, Burton, Imperial Group and Reckitt and Colman. A put was done in Southwest Resources, but no doubles were reported.

RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1985 High	1985 Low	Stock	Closing price	+ or −
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
¶¶	F.P.	—	100	95	REA 9% Cum. Pref.	95	...
§100	£10	5/9	101½	100¼	Sund. & S.Sh'lds.Wtr.11.6%Rd.Db. '95/97	101	−½
‖	Nil	13/9	3½pm	1pm	Walker (A) 6¾% Cum. Conv. Red. Pref.	3½pm	+ 1
§100	£10	19/9	11½	10⅛	West Hampshire Wtr. 11.6% Rd.Db. '95/97	11	...
§100	£10	19/9	11½	10⅛	York Wtr. 11.8% Red. Deb. 1995/97	11	...

RIGHTS OFFERS

Issue price	Amount paid up	Latest Renunc. date	1985 High	1985 Low	Stock	Closing price	+ or −
90	Nil	23/9	110pm	83pm	✠Applied Holographics 5p	110pm	+10
165	F.P.	13/9	188	168	Baker Perkins 50p	184	+2
180	Nil	9/10	80pm	40pm	Bestwood 15p	80pm	...
25	Nil	—	4½	3	Brown (J.) A	3	−1
100	F.P.	30/8	103	93	✠Cobra Emerald Mines	93	...
5	Nil	—	2pm	¼pm	Dares Est. 5 5p	2pm	+½
280	Nil	11/10	48pm	35pm	Extel	35pm	−5
185	100	28/10	123	99	Hanson Trust	116	+1
210	F.P.	4/9	625	595	Hazlewood Foods 20p	625	+10
50	Nil	20/9	2½pm	½pm	Hicking Pentecost 50p	½pm	...
77	F.P.	28/8	77¼	75	New Cavendish 5p	77	...
25	Nil	24/9	8pm	3½pm	Nolton	5½pm	...
120	F.P.	30/8	128	123	Prestwich	125	...
485	Nil	20/9	80pm	20pm	TACE 10p	70pm	−5
400	Nil	20/9	84pm	63pm	Siebe	70pm	...
A$1.25	Nil	—	5pm	1pm	♥Woodside Pet. A$0.50	1½pm	...

Renunciation date usually last day for dealing free of stamp duty. *b* Figures based on prospectus estimates. *g* Assumed dividend and yield. *u* Forecast dividend cover based on previous year's earnings. *p* Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or takeover. ▮ Allotment letters or fully paid. ‡‡ Introduction. ✠ Unlisted Securities Market. § Placing price. ‡ Dealt in under Rule 535 (3). ♥ Dealt in under Rule 535 (4) (a).

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change
BAT Inds	310	—
BOC	286	−10
Good Relations	230	+ 7
GKN	218	+ 8
Imperial Group	183	+ 4
Owen Owen	350	+30
Prudential	683	+ 4
Reed International	685	+11
Scapa	395	+ 5
Shell Transport	683	−17
TI	343	+13
Vaal Reefs	£59¼	+ 4

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	91	1	15
Corpns. Dom. & Foreign Bonds	31	2	45
Industrials	278	200	894
Financial & Props.	158	63	338
Oils	18	27	82
Plantations	3	3	12
Mines	73	27	79
Others	40	109	94
Totals	690	432	1,659

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS	Thurs Aug 8 1985	Wed Aug 7	Tues Aug 6	Mon Aug 5	Year ago (approx.)
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST

[illegible]

EUROPEAN OPTIONS EXCHANGE

[illegible]

TOTAL VOLUME IN CONTRACTS: 36,391

A=Ask B=Bid C=Call P=Put

LONDON TRADED OPTIONS

Option		Calls Oct.	Calls Jan.	Calls Apr.	Puts Oct.	Puts Jan.	Puts Apr.
B.P. (*536)	460	87	—	—	5	—	—
	500	50	68	75	12	18	25
	550	16	32	42	28	35	43
	600	6	14	—	72	75	—
Cons. Gold (*439)	390	60	67	77	8	[illegible]	[illegible]
	420	37	47	60	16	[illegible]	[illegible]
	460	20	30	40	40	[illegible]	[illegible]
	500	9	17	18	70	[illegible]	[illegible]
	550	2	8	—	120	[illegible]	[illegible]
Courtaulds (*138)	120	19	22	25	2	[illegible]	[illegible]
	130	11	15	18	5	[illegible]	[illegible]
	140	6	9	—	13	[illegible]	[illegible]
	160	3	5	—	31	[illegible]	[illegible]
Com. Union (*217)	180	40	—	—	3	[illegible]	[illegible]
	200	24	30	37	6	[illegible]	[illegible]
	220	13	19	25	13	[illegible]	[illegible]
	240	6	10	—	28	[illegible]	[illegible]
G.E.C. (*190)	160	35	40	48	2	[illegible]	[illegible]
	180	18	25	34	5	[illegible]	[illegible]
	200	7	13	22	16	[illegible]	[illegible]
	220	2	—	—	32	[illegible]	[illegible]
Grand Met. (*303)	280	25	37	46	3	[illegible]	[illegible]
	300	15	22	30	12	[illegible]	[illegible]
	330	5	9	15	32	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Option		Calls Aug.	Calls Nov.	Calls Feb.	Puts Aug.	Puts Nov.	Puts Feb.
Lonrho (*162)	140	24	—	—	1½	—	—
	160	4	10	16	6	9	10
	180	1	4	7	23	23	24
P. & O. (*386)	330	56	63	67	2	3	6
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Aug. 8 Total Contracts 6,555. Calls 4,346. Puts 2,209
*Underlying security price

WORLD STOCK MARKETS

AUSTRIA

Aug. 8	Price Sch%	+ or −
Creditanstalt	325	−5
Goesser	500	−14
Interunfall	1,510	......
Laenderbank	333	−2
Perlmooser	568	......
Steyr-Daimler	170	−2
Veitscher Mag	560	+20

BELGIUM/LUXEMBOURG

Aug. 8	Price Frs.	+ or −
B.B.L.	2,025	......
Banq. Gen Lux	6,950	......
Banq. Int. A. Lux	6,600	+100
Bekaert B	5,440	......
Ciment CBR	2,340	−10
Cockerill	217	......
Delhaize	7,710	......
EBES	2,875	......
Electrobel	5,500	+20
Fabrique Nat	1,920	+5
GB Inno BM	3,525	−5
GBL (Brux)	1,885	−5
Gevaert	3,820	−130
Hoboken	5,340	......
Intercom	2,195	−5
Kredietbank	8,900	+50
Pan Hldgs	10,300	+150
Petrofina	5,700	+30
Royale Belge	12,025	+25

GERMANY

Aug. 8	Price Dm.	+ or −
AEG-Telef	129.5	+0.5
Allianz Vers	1,388	−7
BASF	220.3	+1.2
Bayer	220	+1.2
Bayer-Hypo	359	+1
Bayer-Verein	392	+5
BHF-Bank	316	+3
BMW	440.3	+18.3
Brown Boveri	237	−0.5
Commerzbank	213.5	+4.0
Cont'l. Gummi	150.5	+2.0
Daimler-Benz	873.5xl	+12.5
Degussa	358	+3
D'sche Babcock	159	+3
Deutsche Bank	548.5	+6.5
Dresdner Bank	268.3	+3.3
GHH	174.5	+2.5
Hochtief	640	+2
Hoechst	218.9	+0.6
Hoesch Werke	111.5	−0.1
Holzmann (P)	483	+3
Horten	184	−0.5
Hussel	339	+11
Karstadt	236.5	+5.0
Kaufhof	270	+4
KHD	283.5	+1.0
Kloeckner	62	......
Linde	492xr	......
Lufthansa	215	+1.5
MAN	160	−3
Mannesmann	189.5	......

Indices

NEW YORK-DOW JONES

	Aug 8	Aug 7	Aug 6	Aug 5	Aug 2	Aug 1	1985 High	1985 Low	Since Compilation High	Since Compilation Low
Industrials	1,327.98*	1,325.04	1,325.16	1,346.88	1,353.05	1,355.62	1359.54 (18/7)	1184.96 (4/1)	1359.54 (18/7/85)	41.22 (2/7/32)
Transport	678.07*	678.48	681.41	694.63	699.44	700.13	702.8 (17/7)	553.03 (4/1)	702.68 (17/7/85)	12.32 (8/7/32)
Utilities	154.60*	153.11	154.30	155.31	158.85	158.98	168.91 (12/7)	148.54 (4/1)	168.91 (12/7/85)	10.5 (28/4/42)
Trading vol		108.0m	102.9m	79.8m	87.8m	121.4m	−	−	−	−

	Aug 2	July 26	July 19	Year Ago (Approx)
Ind Div Yield %	4.53	4.52	4.51	4.71

STANDARD AND POORS

	Aug 8	Aug 7	Aug 6	Aug 5	Aug 2	Aug 1	1985 High	1985 Low	Since Compilation High	Since Compilation Low
Industrials	209.45*	209.20	209.40	212.40	213.18	213.72	215.83 (18/7)	128.24 (4/1)	215.83 (18/7/85)	3.62 (30/6/32)
Composite	188.13*	187.68	187.93	190.62	191.48	192.11	195.65 (17/7)	163.68 (4/1)	195.65 (17/7/85)	4.40 (1/6/32)

	July 24	July 17	July 10	Year Ago (Approx)
Ind div yield %	3.86	3.82	3.88	4.34
Ind. P/E Ratio	12.87	12.28	11.98	10.51
Long Gov Bond Yield	10.64	10.30	10.28	12.87

N.Y.S.E. ALL COMMON

Aug 8	Aug 7	Aug 6	Aug 5	1985 High	1985 Low
108.89*	108.58	108.81	110.27	113.49 (17/7)	94.60 (4/1)

RISES AND FALLS

	Aug 7	Aug 6	Aug 5
Issues traded	2,023	2,018	2,007
Rises	630	378	444
Falls	948	1,251	1,149
Unchanged	445	389	414

New York Active Stocks

	Stocks Traded	3.00p.m. Price	Change on Day		Stocks Traded	3.00p.m. Price	Change on Day
Pan Am Corp	3,974,300	8	+ ½	Contl Tel	1,153,700	22½	unch
JP Morgan	1,552,000	48¼	+ ⅝	Coltrust	1,043,400	18⅝	unch
ATT	1,193,700	21⅞	+ ⅛	Philips Pet	1,033,200	12½	unch
Beatrice Co	1,161,200	33¾	+ ⅝	East Air	985,800	12	+ ⅜
Gen Motors	1,155,400	78¼	+ ¼	IBM XD	957,100	128¼	−1

Advances 957 Declines 584

TORONTO	Aug 8	Aug 7	Aug 6	Aug 5	1985 High	1985 Low
Metals & Minls	2,072.18*	2,058.3	2,058.5	closed	2190.7 (13/2)	1886.0 (4/1)
Composite	2,766.26*	2,756.7	2,761.5	closed	2884.6 (26/7)	2348.5 (8/1)
MONTREAL Portfolio	135.71*	135.31	135.35	136.87	139.33 (18/7)	117.09 (4/1)

* Indicates pre-close figure

	August 8	August 7	August 6	August 5	1985 High	1985 Low
AUSTRALIA						
All ord. (1/1/80)	935.0	931.8	937.6	940.5	940.5 (5/8)	715.3 (7/1)
Metals & Mins. (1/1/80)	534.8	535.9	541.8	543.4	583.8 (20/5)	382.5 (7/1)
AUSTRIA						
Credit Aktien (2/1/62)	85.98	85.42	85.10	84.85	105.73 (17/8)	85.21 (24/1)
BELGIUM						
Brussels SE (1/1/80)	2304.84	2303.13	2302.34	2301.81	2327.23 (28/7)	2090.7 (18/1)
DENMARK						
Copenhagen SE (3/1/83)	214.81	218.21	217.88	217.44	217.88 (6/8)	158.44 (8/1)
FRANCE						
CAC General (31/12/82)	215.8	215.5	218.1	215.6	233.1 (31/5)	180.9 (3/1)
Ind Tendance (28/12/84)	123.4	123.0	123.3	122.8	130.4 (31/5)	100.1 (3/1)
GERMANY						
FAZ Aktien (31/12/58)	480.47	474.75	479.04	476.29	502.62 (5/7)	382.38 (3/1)
Commerzbank (1/12/53)	1414.6	1397.6	1407.7	1400.7	1486.2 (5/7)	1111.8 (3/1)
HONG KONG						
Hang Seng Bank (31/7/64)	1673.55	1698.66	1700.93	1671.98	1689.85 (7/8)	1220.74 (2/1)
ITALY						
Banca Comm. Ital. (1972)	384.30	385.81	385.58	382.92	385.81 (7/8)	228.56 (2/1)
JAPAN**						
Nikkei-Dow (16/5/49)	12386.03	12421.15	12437.28	12450.82	13040.10 (6/7)	11545.2 (5/1)
Tokyo SE New (4/1/68)	1002.80	1005.30	1008.12	1010.45	1055.91 (8/7)	916.93 (4/1)
NETHERLANDS						
ANP-CBS General (1970)	215.9	217.0	218.8	218.0	220.9 (8/7)	165.6 (3/1)
ANP-CBS Indust (1970)	187.4	187.1	188.3	188.0	188.3 (6/8)	147.9 (3/1)
NORWAY						
Oslo SE (4/1/83)	340.5	341.54	347.27	348.95	348.95 (5/8)	288.18 (2/1)
SINGAPORE						
Straits Times (1966)	757.98	757.80	753.98	754.78	852.65 (7/3)	717.95 (15/7)
SOUTH AFRICA						
JSE Gold (28/9/78)	−	856.0	836.4	829.3	1140.8 (15/4)	836.1 (11/2)
JSE Indust (28/9/78)	−	922.5	913.0	921.2	1038.8 (17/7)	787.1 (7/3)
SPAIN						
Madrid SE (28/12/84)	110.29	110.39	110.48	110.56	117.41 (4/2)	101.48 (2/1)
SWEDEN						
Jacobson & P (1/1/58)	1383.35	1365.45	1372.37	1378.19	1488.88 (11/2)	1285.32 (9/7)
SWITZERLAND						
Swiss Bank Cpn. (31/12/58)	454.0	453.2	454.5	455.1	469.1 (8/7)	386.7 (3/1)
WORLD						
Capital Intl. (1/1/70)	−	218.2	218.8	219.1	224.3 (17/7)	184.6 (4/1)

* Indicates pre-close figure ** Saturday August 3 Japan Nikkei Dow 12492.27 TSE 1013.88 Base values of all indices are 100 except Australia All Ordinary and Metals – 500 NYSE All Common – 50 Standard and Poors – 101 and Toronto Composite and Metals – 1000 Toronto indices based 1975 and Montreal Portfolio 4/1/83 † Excluding bonds ‡ 400 Industrials § 400 Industrials plus 40 Utilities Financials and 20 Transports c Closed u. Unavailable

OVER-THE-COUNTER Nasdaq national market, 2.30pm prices

Continued from Page 33

Italian bourses in electronic link

CONSOB, Italy's bourse regulatory commission, said yesterday that it had approved the introduction of an electronic information system to link the country's 10 independent stock exchanges, Reuter reports from Milan.

Sig Franco Piga, Consob's chairman, said the project was aimed at satisfying demands for clearer and quicker information on stock market prices and transactions.

The system will be introduced experimentally for six months from November 18 and will initially cover five shares.

Consob has yet to ratify the choice of shares, but Sig Piga said Montedison, Generali, Pirelli, Rinascente and Mediobanca had been proposed.

The system will create a national market and provide a real-time electronic link between dealers. It will require individual bourses to switch to continuous trading of the shares concerned from the present call system.

Apart from Milan, Italy's largest stock market, there are bourses in Rome, Bologna, Florence, Genoa, Naples, Palermo, Turin, Trieste and Venice.

Dealers will feed information on bids and offers into the system and will be obliged to specify their own identity, the share title involved and the number and price of shares in any proposed transaction.

LONDON Chief price changes (in pence unless otherwise indicated)

RISES

Ex 12% 90	£105¹¹⁄₁₆	+£⅛
Ex 12% 13/17	£120	+£½
BAe	355	+10
Burmah Oil	285	+5
Consgold	440	+15
Dee Corp	268	+8
Distillers	286	+5
GKN	218	+8
Hanover Inv	122	+17
Hepworth (J)	236	+12
Johnson Matt	108	+13
Kwik Save	218	+10
Ladbroke	279	+12
Lloyds Bank	415	+13
MS Int	44	+4
Nurdin & Pea	166	+16
Owen Owen	350	+30
Randfontein	£85¼	+5¼
Reed Int	685	+11
Saga Holidays	178	+6
TI	343	+13
Tod (W & J)	131	+4
Vaal Reefs	£59¼	+4
Wordplex	130	+18

FALLS

BOC	286	−10
British Home St	286	−9
Mnemos	21	−6
Shell Trans	683	−17
Taylor Wood	448	−7

Prices at 3pm, August 8

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
23½	16	AAR	.56	2.6	14	56	21⅞	21⅝	21⅝	−¼
17⅞	9¾	AGS			13	125	16¾	16	16⅛	+⅜
16½	9⅝	AMCA				5	12⅛	12⅛	12⅛	
21½	13	AMF	.25j		96	471	13½	13¼	13⅜	+⅛
60¾	24⅞	AMR			8	3160	49¾	49⅛	49½	+½
22⅞	18⅝	AMR pf	2.18	9.6		3	22⅝	22⅝	22⅝	
23	19	ANR pf	2.12	10.		2	21	21	21	+⅜
14¼	7⅜	APL				63	10¼	10	10	−¼
61⅞	43¼	ASA		2	4.4	571	45½	44⅞	45	−⅛
27	12½	AVX	.32	2.3	20	243	14⅛	13⅞	13⅞	+⅜
28⅛	17½	AZP	2.72	11.	7	706	24½	24⅛	24⅜	+¼
60	38¾	AbtLab	1.40	2.5	15	1668	55⅛	54⅝	55⅛	+½
25⅞	20	AccoWd	.50	2.2	17	15	22¾	22¾	22¾	
24¾	12½	AcmeC	.40	2.5		149	16	15¾	15¾	+⅛
10½	7⅜	AcmeE	.32b	4.1	10	50	8	7⅞	7⅞	+⅛
19	15½	AdaEx	1.92e	11.		16	17¾	17⅝	17¾	
20	13¼	AdmMf	.32	1.9	7	11	16¾	16⅝	16¾	+¼
19½	8⅝	AdvSys	.53t	4.5	19	110	12⅛	11⅞	11⅞	
41⅛	22⅛	AMD			18	2557	29¾	29⅛	29⅝	+⅜
12¾	8⅛	Advest	.12	1.3	20	158	9⅛	8¾	9⅛	+½
15⅞	9½	Aeroflex			13	114	14⅝	14⅛	14¼	−⅛
49⅝	31¾	AetnLf	2.64	5.7	16	1412	46⅝	45¾	46¼	+½
57⅜	52⅝	AetL pf	5.79e	10.		4	56	56	56	
37⅞	18¼	Ahmns	1.20	3.8	6	x1582	31¼	30⅝	31¼	+⅝
3⅝	2½	Aileen				221	3⅛	2⅞	3⅛	+¼
57	42	AirPrd	1.20	2.1	13	428	56¼	55⅞	56¼	

Continued on Page 33

NYSE COMPOSITE PRICES

Continued from Page 32

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close	Ch'ge
30¼	17¾	ShelGlo .80		3.0	6	17	26⅝	26¼	26⅝	+⅜
40	25½	Shrwin .92		2.4	13	50	38⅜	37⅞	38⅜	+½
8⅝	5⅛	Shoetwn			8	490	8¼	7¾	8	+¼
16⅝	12	Showbt .60		4.7	12	113	12⅞	12¾	12⅞	+¼
19⅞	13⅞	SierPac .66		9.4	9	73	17⅞	17¾	17¾	
44½	28⅝	Signal	1	2.3	17	743	43¾	43¼	43⅜	
44⅜	43⅜	Sigal wd				808	43¾	d43¼	43⅜	−⅛
65	52¾	Signl pf	4.12	6.4		62	65	64¼	64¼	+¼
41	26⅝	Singer	.40	1.1	9	378	36⅛	35½	35⅞	+½
33⅞	27⅛	Singr pf	3.50	11.		8	33¼	32¾	33	
18	12¾	Skyline .48		3.6	19	51	13½	13⅜	13⅜	
15⅝	7⅝	SmithIn .32		3.8		347	8⅝	8⅛	8½	+½
71⅞	50⅝	SmkB	2.80	4.1	11	1343	68¼	67⅜	68⅛	+⅝
19	16	TwinDs .90		4.8	10	14	18¾	18⅝	18⅝	+⅛
41	30	TycoLb .80		2.1	10	200	38⅞	38⅝	38¾	
17¾	13⅜	Tyler s	.40	2.8	11	57	14⅝	14⅜	14⅜	−⅜
		U U U								
59½	35⅝	UAL	1	1.8	73	2385	57½	56½	57	+⅛
36½	26	UAL pf	2.40	6.9		77	35	34½	34⅝	−⅛
55½	46½	Xerox pf	5.45	9.9		3	55	55	55	
30¼	24⅝	ZaleCp 1.32		4.8	10	7	27¼	27	27¼	+¼
21½	9⅝	Zapata .84		8.7	69	50	9⅝	9½	9⅝	+⅛
57⅝	31⅛	Zayre s .48		1.0	16	939	49¾	49	49¾	−¼
30	17½	ZenithE			12	1525	19¾	18½	19⅝	+⅛
21⅞	15¾	Zero s	.32	1.6	17	29	19¾	19⅛	19¾	+⅝
35½	22¾	Zumin 1.32		3.8	11	199	34⅝	34	34⅝	+⅛

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E-price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begins with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE PRICES

Prices at 3pm, August 8

OVER-THE-COUNTER

Nasdaq national market, 2.30pm prices

Continued on Page 31

FINANCIAL TIMES
WORLD STOCK MARKETS

WALL STREET

Uninspired attempt to advance

ANOTHER uninspiring session on Wall Street saw prices slipping lower despite a firmer trend in federal bonds which reflected hints of foreign demand for the Treasury securities auctioned earlier this week, *writes Terry Byland in New York.*

The bond market moved up smartly ahead of the auction of $6.5bn in 30-year Treasury notes – the final, and most important, portion of the federal financing. But the blue-chip stocks, still lacking the essential support from the major investment institutions, proved unable to sustain a firm opening.

At 3pm the Dow Jones industrial average was up 3.25 at 1,328.29.

Hanging over both credit and equity sectors was the question of overseas investment interest at this week's auctions of $21.75bn in U.S. Treasury securities. Some traders believe that Japanese investors are interested in long-dated bonds, and prices edged higher at midday yesterday as bids opened for the auction of 30-year bonds.

The broader range of the stock market showed firmness yesterday, but blue chips remained nervous in the wake of Monday's heavy selling bout.

The Dow average was hit at midsession by a sudden dip in the IBM price, down $1⅝ to $127⅞, as sellers reappeared. Texas Instruments fell $1½ to $98¾, but other technology stock held steady, with Data General a firm spot at $36¾, a net gain of $2 as Wall Street reversed its initial reaction to an investment seminar held by the company.

Further signs of a sluggish economy were indicated by lacklustre sales reports for July from the major retailers. Lower sales for the month left Sears Roebuck unchanged at $35¼ and J. C. Penney $¼ off at $49. Small increases brought little benefit for Woolworth, $⅜ up at $44¾, or Carter Hawley Hale, $¼ higher at $29.

The Detroit car stocks were similarly unimpressed by the decision of the manufacturers to maintain strong production programmes despite a less certain outlook. General Motors edged up $¼ to $70¼ and Ford $⅜ to $44⅞.

But the most active sector was the airlines, where Pan Am pushed to a new peak in heavy trading, as Merrill Lynch joined the list of those recommending the stock. At $7⅛, Pan Am gained $⅜, while turnover of more than 2m shares in the first half of the session included another 1m share block.

Pan Am is seen both as a recovery situation, likely to benefit from the sale of its Pacific operations to United, and also as a takeover prospect. One interested party, believes Wall Street, could be Texas Air – if its bid for TWA is finally thwarted.

TWA stock improved $⅜ to $22¼ as the bid saga took a new twist with the news that a former Missouri governor is lining up finance for a bid to take control of the airline away from Mr Carl Icahn who already has 46 per cent of the shares. Turnover in TWA was modest yesterday as Wall Street waited to see what would happen next.

Stock in MGM-UA edged up $¼ to $24½, still well below the price bid by Mr Ted Turner, and reflecting Wall Street's doubts over the outcome. CBS, now assumed to have escaped Mr Turner's unwanted embraces, fell 1⅜ to 105⅜.

With the U.S. dollar still active but following a less certain course, pharmaceuticals showed mixed changes. The weak spot was Eli Lilly, down 1½ at $81⅜, after the recent quarterly statement appeared to prompt sizeable block sales by major holders. But Upjohn maintained its recent record of unpredictability, rising $1½ to $112⅝ in slim turnover as some investors continued to show faith in the group's anti-baldness medicine.

The bond market moved strongly into the final leg of the Treasury refunding. As bids for the 30-year bonds were opened, prices for other long-dated issues moved up to show gains of three quarters of a point, indicating optimism for a good retail demand. The new Treasury issue is available in pre-stripped form and is likely to attract demand from investors wanting zero coupon stock, which is attractive when the outlook for rates is uncertain.

The shorter end of the credit market made little movement although rates were inclined easier behind a federal funds rate at 7¾ per cent.

TOKYO

Steamship report a dampener

REPORTS that major banks had suspended financial assistance to Sanko Steamship further dampened Tokyo yesterday, *writes Shigeo Nishiwaki of Jiji Press.*

The Nikkei-Dow average finished 35.12 lower at 12,386.03 on slow trading of 235m shares compared with Wednesday's 231m. Declines outpaced advances 413 to 333, with 177 issues unchanged.

The Tokyo Stock Exchange suspended trading in Sanko Steamship after newspaper reports that Daiwa Bank, Long-Term Credit Bank of Japan and Tokai Bank, Sanko Steamship's main banks, had decided not to provide additional loans to the financially-troubled shipping company, whose outstanding loans stood at Y400bn at the end of last March. However, Mr Hiroshi Okaniwa, chairman of the company, denied the reports after the close of the market.

The reports also pushed down other shippings. Kawasaki Kisen Kaisha lost Y8 to Y202 in the day's third heaviest trading of 5.50m shares, and Japan Line shed Y8 to Y91.

In the broader market, only speculative favourites were sought. Sato Kogyo, with increased margin buying and selling balances, topped the active list with 20.35m shares changing hands and advanced Y35 to Y468. Hasegawa Komuten, second busiest with 8.21m shares, added Y9 to Y514 and Sumitomo Construction Y21 to Y371. Fudo Construction soared Y58 to Y824.

A sharp reduction in the margin buying balance spurred investors to buy Yamanouchi Pharmaceutical, which closed Y40 higher at Y3,130. Some biotechnologies firmed, with Kuraray rising Y20 to Y1,260.

Many non-life insurances, banks and securities houses declined. Tokio Marine and Fire dropped Y10 to Y850 because of an order to sell more than 1.1m shares.

Nippon Denko, which reached Y1,700 at the end of February in the hunt for new materials-related stocks, suffered a daily limit loss of Y200, closing at Y1,100 after a surge of sacrifice selling.

Blue chips also lost ground with Hitachi losing Y10 to Y720 and Hoya Y80 to Y1,740.

Optimism spread on the bond market in the wake of the auction of 30-year government bonds in the U.S., and city banks reactivated trading. The yield on the benchmark 6.8 per cent government bonds due in December 1994 dropped sharply to 6.315 per cent from Wednesday's 6.345 per cent.

SINGAPORE

INVESTORS strolled on to the sidelines in Singapore yesterday ahead of today's national holiday, and prices ended mixed to slightly higher where changed.

The Straits Times industrial index edged 0.39 higher to 757.99, and turnover rose 1m to 12.1m from the previous session.

There was hesitancy ahead of Prime Minister Lee Kuan Yew's national day address as investors hoped to hear something more positive about the country's economy.

UOB was steady at S$3.64 before news of first-half profits down on the same period last year. Earnings were hit by provisions for Hong Kong's Overseas Trust Bank, to which it had made substantial loans.

CANADA

AFTER a two-day decline, Toronto prices began to rise as gains outpaced losses by about five to four.

Gulf Canada, active for the third consecutive day, traded C$¼ higher at C$19¾, Genstar C$¾ at C$33¾ and Canadian Imperial Bank of Commerce C$⅜ at C$35⅝.

Blue chips also gained, with Ford Canada C$2 higher at C$143, Northern Telecom C$⅜ ahead at C$50⅝ and Bell Canada C$¼ up at C$42⅜.

Montreal shook off a recent slump, and banks and utilities moved higher while industrials eased.

EUROPE

Reawakening from holiday slumber

A GENTLE reawakening was evident on the European bourses yesterday as some investors stirred from their holiday-induced slumber to greet a host of technical factors and some genuine fresh market influences. Bond trading in some centres was vigorous.

Frankfurt sprinted ahead with a 17-point rise in the Commerzbank index to 1,414.6 although this was as much a reaction to Wednesday's 10-point decline as the rekindling of foreign demand.

The prospects of a cut in interest rates next week was finally translated into a real movement in prices, particularly in banks, which have smothered some of their fears and reservations about the reappearance of the South American loan default spectre.

Deutsche Bank led the upturn with a DM 8.50 rise to DM 548.50 although Commerzbank was treated to a proportionally more satisfying DM 4 to DM 213.50.

The quality car sector took off after the Munich-based IFO group made a strong performance forecast. BMW led the pack with a DM 19.30 advance to DM 440.30 while Porsche recovered from the weakness of the previous session with a DM 15.50 rise to DM 1,305.

VW, meanwhile, continued to bathe in the spotlight as Europe's leading volume car group and picked up DM 8 to DM 319.50.

A robust bond market took prices higher by up to 50 basis points on the back of encouraging U.S. Treasury refunding and hopes of softer local interest rates. The Bundesbank waded in with a hefty DM 67.9m supply of domestic paper

Brussels edged higher in cautious trading that kept volume thin. The undertone of the market remained firm on reports that a law offering tax concessions to investors will be extended or replaced when it expires at the end of the year.

Features included market leader Petrofina which put on BFr 30 to BFr 5,700 in relatively heavy turnover while Solvay in chemicals perked up BFr 25 to BFr 4,465, its third straight rise partly attributed to an attractive low p/e ratio and its yield.

Retailers were sluggish although GB-Inno-BM retreated BFr 5, after an early loss of BFr 10, to close at BFr 3,625. The group has announced the closure of some of its branches in a retrenchment programme that will cost BFr 500m.

Photographic leader Gevaert continued to weaken with a BFr 130 setback to BFr 3,820.

A timid **Paris** inched ahead with bargain-hunters injecting a modicum of support. The impact of Wall Street's overnight decline after Tuesday's slump was slight.

Oils gained ground although Elf Aquitaine dipped 50 centimes to FFr 195. Recently favoured food and drink shares eased although Pernod Ricard held steady at FFr 695.

Amsterdam turned in a mixed showing with few major price movements. Royal Dutch was marked Fl 3.60 cheaper to Fl 190.40 on poor results, while fellow international Unilever suffered a more bruising Fl 6.90 drop to Fl 334.40.

Akzo picked up Fl 1.30 to Fl 121.30 on further consideration of its second-quarter profits. The expected support for Amro, due to report results late in the day, failed to materialise, and the bank finished 60 cents down at Fl 87.30.

Bond prices surged by up to 70 basis points, and yields fell to their lowest levels in more than a decade in heavy turnover. The likelihood that Dutch interest rates will move in parallel with West German rates – which are expected to drop soon – combined with a shortage of paper to buoy prices.

Profit-taking and position-squaring took **Milan** slightly lower. Pirelli which confirmed that it is holding talks with Caboto Milano Centrale firmed L145 to L6,000. BI-Invest picked up L80 to L6220.

Meanwhile Consob, the bourse regulatory commission, approved the first stage of a new electronic information system to link Italy's 10 independent stock exchanges.

Zurich finished mixed although the bond market failed to display the dynamism evinced elsewhere.

Madrid continued to lose ground as **Stockholm** blue chips staged a broad retreat.

Details of Consob bourse link-up, Page 31

LONDON

A PROMISING early advance in London was snuffed out by exchange-rate considerations and the fact that sizeable funds were tied up in the Britoil issue which was heavily oversubscribed.

After the initial firm tone, the FT Ordinary share index ended 2.3 better at 958.0, having been 6 points higher earlier.

Gilts moved higher with sterling and longer-dated stocks settling around ½ higher. Shorts ended up, but easier on their day's best.

Chief price changes, Page 31; Details, Page 30; Share information service, Pages 28-29

AUSTRALIA

A STRONG performance by industrials stemmed the previous day's profit-taking in a mixed-to-firmer Sydney where the All Ordinaries put on 3.2 to 935.0.

Howard Smith was again in the limelight, jumping 60 cents to A$5.80 after a gain of 8 cents the day before. More than 2m shares changed hands, and signs pointed to a takeover play being made.

Banks found good support, while resource, miners and gold stocks were mixed. Oils were quiet, with Santos rising 6 cents to A$5.78.

HONG KONG

HEAVY selling sent prices lower in Hong Kong as the market reacted to Hutchison Whampoa's sale late on Wednesday of a 10 per cent stake in Hongkong Electric at a below-market price.

The Hang Seng index fell 25.11 to 1,673.55 as local and overseas investors joined the selling.

Hongkong Electric led the retreat, falling 40 cents to HK$8.35, while Hutchison, which has much to gain from the sale, rose 10 cents to HK$27.00. Cheung Kong, an associate of Hutchison's, shed 20 cents to HK$17.90.

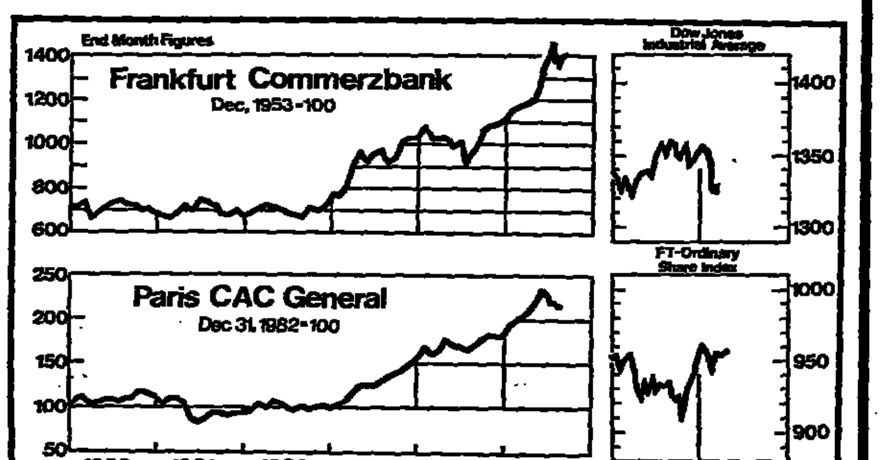
SOUTH AFRICA

GOLDS ended higher on the back of a firm bullion price, but some of their initial shine was tarnished by a strong rally in the rand.

Driefontein rose R2 to R44, Buffels R1.50 to R65 and FS Geduld 25 cents to R43.

Mining financials tracked golds. Gold Fields put on R2.50 to R29.50, and Anglo American rose 50 cents to R27.50.

KEY MARKET MONITORS



STOCK MARKET INDICES

NEW YORK	Aug 8	Previous	Year ago
DJ Industrials	1,328.29*	1,325.04	1,196.11
DJ Transport	679.89*	678.49	511.38
DJ Utilities	154.75*	153.11	125.67
S&P Composite	188.53*	187.68	161.75
LONDON			
FT Ord	958.0	955.7	827.1
FT-SE 100	1,286.0	1,286.6	1,080.7
FT-A All-share	620.07	619.38	503.02
FT-A 500	676.14	678.38	545.00
FT Gold mines	338.3	310.9	537.9
FT-A Long gilt	9.99	10.27	10.64
TOKYO			
Nikkei-Dow	12,386.03	12,421.15	10,247.10
Tokyo SE	1,002.80	1,005.30	792.67
AUSTRALIA			
All Ord.	935.0	931.8	729.4
Metals & Mins.	534.8	535.9	463.0
AUSTRIA			
Credit Aktien	95.96	95.42	53.37
BELGIUM			
Belgian SE	2,304.64	2,303.13	–
CANADA			
Toronto			
Metals & Minls	2,072.10*	2,059.28	1,877.00
Composite	2,766.20*	2,756.74	2,280.50
Montreal			
Portfolio	135.71*	135.31	112.60
DENMARK			
SE	214.81	216.21	192.49
FRANCE			
CAC Gen	215.8	215.5	160.9
Ind. Tendance	123.4	123.0	86.5
WEST GERMANY			
FAZ-Aktien	480.47	474.75	333.68
Commerzbank	1,414.6	1,397.6	969.1
HONG KONG			
Hang Seng	1,673.55	1,698.66	894.13
ITALY			
Banca Comm.	364.30	365.61	215.26
NETHERLANDS			
ANP-CBS Gen	215.9	217.0	160.8
ANP-CBS Ind	187.4	187.1	128.5
NORWAY			
Oslo SE	340.5	341.54	280.2
SINGAPORE			
Straits Times	757.99	757.6	972.6
SOUTH AFRICA			
JSE Golds	–	856.0	930.6
JSE Industrials	–	922.5	790.7
SPAIN			
Madrid SE	110.29	110.39	99.69
SWEDEN			
J & P	1,363.35	1,365.45	1,526.35
SWITZERLAND			
Swiss Bank Ind	454.0	453.2	371.8
WORLD	**Aug 7**	**Prev**	**Year ago**
Capital Int'l	216.2	216.6	179.4

GOLD (per ounce)

	Aug 8	Prev
London	$322.75	$321.25
Zürich	$322.65	$321.75
Paris (fixing)	$323.26	$321.18
Luxembourg	$322.75	$321.25
New York (Aug)	$322.00	$322.50

* Latest available figure

CURRENCIES

(London)	U.S. DOLLAR Aug 8	U.S. DOLLAR Previous	STERLING Aug 8	STERLING Previous
$	–	–	1.3565	1.3385
DM	2.826	2.846	3.835	3.815
Yen	238.35	238.35	323.0	319.0
FFr	8.64	8.69	11.715	11.63
SwFr	2.339	2.36	3.17	3.165
Guilder	3.18	3.199	4.31	4.2875
Lira	1,897.0	1,894.0	2,570.0	2,537.0
BFr	57.2	57.3	77.5	76.75
C$	1.36245	1.3609	1.8445	1.825

INTEREST RATES

Euro-currencies (3-month offered rate)	Aug 8	Prev
£	11 7/16	11 7/16
SwFr	4¾	4 13/16
DM	4¾	4¾
FFr	12⅛	12⅛
FT London Interbank fixing (offered rate)		
3-month U.S.$	8 1/16	8 1/16
6-month U.S.$	8⅛	8⅛
U.S. Fed Funds	7¾*	7 11/16
U.S. 3-month CDs	7.75*	7.80
U.S. 3-month T-bills	7.15*	7.16

U.S BONDS

Treasury		Aug 8* Price	Aug 8* Yield	Prev Price	Prev Yield
8¾	1987	99 24/32	8.98	99 21/32	9.066
10⅜	1992	100 12/32	10.30	99 22/32	10.424
11¼	1995	104 27/32	10.43	103 31/32	10.582
11¼	2015	105 22/32	10.67	104 15/32	10.736

Corporate	Aug 8* Price	Aug 8* Yield	Prev Price	Prev Yield
AT & T				
10⅜ June 1990	100⅜	10.20	101⅛	9.98
3⅞ July 1990	81½	8.60	81⅝	8.52
8¾ May 2000	83	11.10	83⅜	11.02
Xerox				
10⅞ March 1993	98⅜	11.00	97.225	11.02
Diamond Shamrock				
10⅜ May 1993	97⅜	11.05	96.91	10.87
Federated Dept Stores				
10⅞ May 2013	93	11.45	93⅞	10.97
Abbot Lab				
11.80 Feb 2013	102	11.55	101⅜	11.52
Alcoa				
12¼ Dec 2012	101⅛	12.10	100⅜	12.02

Source: Salomon Bros

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
U.S. Treasury Bonds (CBT) 8% 32nds of 100%				
Sept	75–31	76–07	75–17	75–16
U.S. Treasury Bills (IMM) $1m points of 100%				
Sept	92.81	92.83	92.78	92.77
Certificates of Deposit (IMM) $1m points of 100%				
Sept	92.18	92.21	92.15	92.13
LONDON				
Three-month Eurodollar $1m points of 100%				
Sept	91.88	91.88	91.80	91.70
20-year Notional Gilt £50,000 32nds of 100%				
Sept	112–14	112–24	112–10	112–03

COMMODITIES

(London)	Aug 8	Prev
Silver (spot fixing)	452.75p	454.95p
Copper (cash)	£1,043.25	£1,059.00
Coffee (Sept)	£1,665.50	£1,658.50
Oil (spot Arabian light)	$27.30	$27.30